

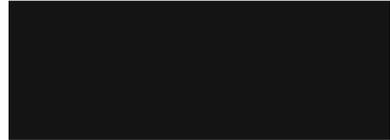


FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program



SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22360-0001

27 October 2011

Via Email:

acaastro@bexar.org

Dr. Allen Castro
Community Resources
Grants Management
Strategy and Performance Planner
101 West Nueva, 10th Floor
San Antonio, Texas 78207

Dear Dr. Allen:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 3, 2011 at 9:00 am EDT. The conference call number is 605-477-2100. The pass code is 590065#.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections."
Please clarify whether there will be electronic return of ballots used in an actual election?
2. Can we extend the grant reports term through 2016?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@oas.pentagon.mil



Robert J. Lavelle
Grants Officer

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 04/27/2012.

DUNS: 070487020

DUNS PLUS4:

CAGE/NCAGE: 3XBK5

Legal Business Name: BEXAR, COUNTY OF
Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 300 DOLOROSA STE 800

Physical Street Address 2:

Physical City: SAN ANTONIO

Physical State: TX

Physical Foreign Province:

Physical Zip/Postal Code: 78205-3053

Physical Country: USA

Mailing Name: SUSAN T. YEATTS

Mailing Street Address 1: BEXAR COUNTY AUDITOR'S OFFICE

Mailing Street Address 2: 101 WEST NUEVA SUITE 800

Mailing City: SAN ANTONIO

Mailing State: TX

Mailing Foreign Province:

Mailing Zip/Postal Code: 78205-3445

Mailing Country: USA

Business Start Date: 06/30/1841

Delinquent Federal Debt: No.

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

- 921190 - Other General Government Support
- 922110 - Courts
- 922140 - Correctional Institutions
- 922190 - Other Justice, Public Order, and Safety Activities

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No
922110	Courts	No	No
922140	Correctional Institutions	No	No
922190	Other Justice, Public Order, and Safety Activities	No	No

CCR POINTS OF CONTACT

Government Business Primary POC**Name:** SUSAN T. YEATS**Address Line 1:** BEXAR COUNTY AUDITOR**Address Line 2:** 101 WEST NUEVA ST. SUITE
800**City:** SAN ANTONIO**State:** TX**Foreign Province:****Zip/Postal Code:** 78205-3445**Country:** USA**U.S. Phone:** 210-335-2301**Non-U.S. Phone:****Fax:** 210-335-2996**Government Business Alternate POC****Name:** LEO CALDERA**Address Line 1:** FIRST ASSISTANT COUNTY
AUDITOR**Address Line 2:** 101 W. NUEVA ST, SUITE 800**City:** SAN ANTONIO**State:** TX**Foreign Province:****Zip/Postal Code:** 78205-3445**Country:** USA**U.S. Phone:** 210-335-2550**Non-U.S. Phone:****Fax:** 210-335-2996**Past Performance Primary POC****Name:****Address Line 1:****Address Line 2:****City:****State:****Foreign Province:****Zip/Postal Code:****Country:****U.S. Phone:****Non-U.S. Phone:****Fax:****Past Performance Alternate POC****Name:****Address Line 1:****Address Line 2:****City:****State:****Foreign Province:****Zip/Postal Code:****Country:****U.S. Phone:****Non-U.S. Phone:****Fax:****Electronic Business Primary POC****Name:** LEO CALDERA**Address Line 1:** ASSISTANT COUNTY AUDITOR**Address Line 2:** 101 W NUEVA ST. SUITE 800**City:** SAN ANTONIO**State:** TX**Foreign Province:****Zip/Postal Code:** 78205-3445**Country:** USA**U.S. Phone:** 210-335-2550**Non-U.S. Phone:****Fax:** 210-335-2996**Electronic Business Alternate POC****Name:** SUSAN T. YEATTS**Address Line 1:** 101 W NUEVA ST SUITE 800**Address Line 2:****City:** SAN ANTONIO**State:** TX**Foreign Province:****Zip/Postal Code:** 78205-3445**Country:** USA**U.S. Phone:** 210-335-2434**Non-U.S. Phone:****Fax:** 210-335-2996



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF T-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Dallas 600 N. Pearl Street, Suite 1630 Dallas, TX 75201-2843		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Bexar 300 Dolorosa, Suite 800 San Antonio, TX 78205-3053 POC: Dr. Allen Castro (210) 335-0305	4a. AWARD NUMBER H98210-12-1-0019	5a. FACE VALUE \$466,939.00	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 16 December 2011	6. INSTRUMENT TYPE Grant	

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)

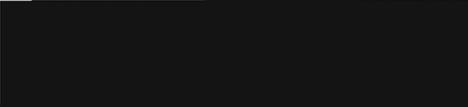
Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER 	15. DATE SIGNED 14 Dec 2012
--	--	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

Version 02

*1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	*2. Type of Application <input type="checkbox"/> New <input type="checkbox"/> Continuation <input checked="" type="checkbox"/> Revision	* If Revision, select appropriate letter(s) B. Decrease Award C. Increase Duration *Other (Specify) _____
--	---	---

3. Date Received: 11/07/2011	4. Applicant Identifier:
--	---------------------------------

5a. Federal Entity Identifier:	*5b. Federal Award Identifier:
---------------------------------------	---------------------------------------

State Use Only:

6. Date Received by State:	7. State Application Identifier:
-----------------------------------	---

8. APPLICANT INFORMATION:

***a. Legal Name:** Bexar County Commissioners Court

*b. Employer/Taxpayer Identification Number (EIN/TIN): [REDACTED]	*c. Organizational DUNS: [REDACTED]
---	---

d. Address:

***Street 1:** 101 W. Nueva, 10th Floor
Street 2: _____
***City:** San Antonio
County: Bexar
***State:** Texas
Province: _____
***Country:** USA
***Zip / Postal Code** 78204-1024

e. Organizational Unit:

Department Name: Bexar County Budget Office	Division Name: Grants Management
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Dr. ***First Name:** Allen
Middle Name: _____
***Last Name:** Castro
Suffix: Ph.D.

Title: Program and Policy Development Manager

Organizational Affiliation:
Bexar County Budget Office

***Telephone Number:** (210) 335-0744 **Fax Number:** (210) 335-2683.

***Email:** acaastro@bexar.org

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

B.County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency:**

Department of Defense (DoD)

11. Catalog of Federal Domestic Assistance Number:

12.217 _____

CFDA Title:

Federal Voting Assistance Program _____

***12 Funding Opportunity Number:**

H98210-BAA-11-0001 _____

*Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Bexar County (includes the City of San Antonio), Texas

***15. Descriptive Title of Applicant's Project:**

The Bexar County Electronic Absentee Systems for Elections (BCEASE) Project

Application for Federal Assistance SF-424 Version 02

16. Congressional Districts Of:
 *a. Applicant: TX-020 *b. Program/Project: TX-020, 021, 023, 028

17. Proposed Project:
 *a. Start Date: 12/01/2011 *b. End Date: 11/30/2016

18. Estimated Funding (\$):

*a. Federal	466939
*b. Applicant	0
*c. State	0
*d. Local	0
*e. Other	0
*f. Program Income	0
*g. TOTAL	466939

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**
 a. This application was made available to the State under the Executive Order 12372 Process for review on _____
 b. Program is subject to E.O. 12372 but has not been selected by the State for review.
 c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**
 Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)
 ** I AGREE
 ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Honorable *First Name: Nelson
 Middle Name: William
 *Last Name: Wolff
 Suffix: J.D.

*Title: Bexar County Judge

*Telephone Number: (210) 335-2626 Fax Number: (210)-335-2926

* Email: nwolff@bexar.org

*Signature of Authorized Representative: _____ *Date Signed: _____

Application for Federal Assistance SF-424

Version 02

***Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

n/a

INSTRUCTIONS FOR THE SF-424

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (03-48-0043), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

This is a standard form (including the continuation sheet) required for use as a cover sheet for submission of preapplications and applications and related information under discretionary programs. Some of the items are required and some are optional at the discretion of the applicant or the Federal agency (agency). Required items are identified with an asterisk on the form and are specified in the instructions below. In addition to the instructions provided below, applicants must consult agency instructions to determine specific requirements.

Item	Entry:	Item	Entry:
1.	Type of Submission: (Required): Select one type of submission in accordance with agency instructions. <ul style="list-style-type: none"> • Preapplication • Application • Changed/Corrected Application – If requested by the agency, check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this to submit changes after the closing date. 	10.	Name Of Federal Agency: (Required) Enter the name of the Federal agency from which assistance is being requested with this application.
		11.	Catalog Of Federal Domestic Assistance Number/Title: Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.
2.	Type of Application: (Required) Select one type of application in accordance with agency instructions. <ul style="list-style-type: none"> • New – An application that is being submitted to an agency for the first time. • Continuation – An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals. • Revision – Any change in the Federal Government's financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. <ul style="list-style-type: none"> A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration E. Other (specify) 	12.	Funding Opportunity Number/Title: (Required) Enter the Funding Opportunity Number and title of the opportunity under which assistance is requested, as found in the program announcement.
		13.	Competition Identification Number/Title: Enter the Competition Identification Number and title of the competition under which assistance is requested, if applicable.
		14.	Areas Affected By Project: List the areas or entities using the categories (e.g., cities, counties, states, etc.) specified in agency instructions. Use the continuation sheet to enter additional areas, if needed.
3.	Date Received: Leave this field blank. This date will be assigned by the Federal agency.	15.	Descriptive Title of Applicant's Project: (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For preapplications, attach a summary description of the project.
4.	Applicant Identifier: Enter the entity identifier assigned by the Federal agency, if any, or applicant's control number, if applicable.	16.	Congressional Districts Of: (Required) 16a. Enter the applicant's Congressional District, and 16b. Enter all District(s) affected by the program or project. Enter in the format: 2 characters State Abbreviation – 3 characters District Number, e.g., CA-005 for California 5 th district, CA-012 for California 12 th district, NC-103 for North Carolina's 103 rd district. <ul style="list-style-type: none"> • If all congressional districts in a state are affected, enter "all" for the district number, e.g., MD-all for all congressional districts in Maryland. • If nationwide, i.e. all districts within all states are affected, enter US-all. • If the program/project is outside the US, enter 00-000.
5a.	Federal Entity Identifier: Enter the number assigned to your organization by the Federal Agency, if any.		
5b.	Federal Award Identifier: For new applications, leave blank. For a continuation or revision to an existing award, enter the previously assigned Federal award Identifier number. If a changed/corrected application, enter the Federal Identifier in accordance with agency instructions.		
6.	Date Received by State: Leave this field blank. This date will be assigned by the State, if applicable.		
7.	State Application Identifier: Leave this field blank. This identifier will be assigned by the State, if applicable.		
8.	Applicant Information: Enter the following in accordance with agency instructions:		
	a. Legal Name: (Required): Enter the legal name of applicant that will undertake the assistance activity. This is the name that the organization has registered with the Central Contractor Registry. Information on registering with DCR may be obtained by visiting the Grants.gov website.	17.	Proposed Project Start and End Dates: (Required) Enter the proposed start date and end date of the project.
	b. Employer/Taxpayer Number (EIN/TIN): (Required): Enter the Employer or Taxpayer Identification Number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.	18.	Estimated Funding: (Required) Enter the amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.
	c. Organizational DUNS: (Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting the Grants.gov website.		
	d. Address: Enter the complete address as follows: Street address (Line 1 required), City (Required), County, State (Required, if country is US), Province, Country (Required), Zip/Postal Code (Required, if country is US).	19.	Is Application Subject to Review by State Under Executive Order 12372 Process? Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the
	e. Organizational Unit: Enter the name of the primary organizational unit (and department or division, if applicable) that will undertake the		

	<p>assistance activity, if applicable.</p> <p>f. Name and contact information of person to be contacted on matters involving this application: Enter the name (First and last name required), organizational affiliation (if affiliated with an organization other than the applicant organization), telephone number (Required), fax number, and email address (Required) of the person to contact on matters related to this application.</p>	<p>State intergovernmental review process. Select the appropriate box. If "a" is selected, enter the date the application was submitted to the State</p>		
<p>9.</p>	<p>Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.</p> <table border="0"> <tr> <td data-bbox="191 457 532 1016"> <p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p> </td> <td data-bbox="532 457 868 1016"> <p>M. Nonprofit with 501(c)3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501(c)3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p> </td> </tr> </table>	<p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p>	<p>M. Nonprofit with 501(c)3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501(c)3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p>	<p>20. Is the Applicant Delinquent on any Federal Debt? (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.</p> <p>If yes, include an explanation on the continuation sheet.</p> <p>21. Authorized Representative: (Required) To be signed and dated by the authorized representative of the applicant organization. Enter the name (First and last name required) title (Required), telephone number (Required), fax number, and email address (Required) of the person authorized to sign for the applicant.</p> <p>A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)</p>
<p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p>	<p>M. Nonprofit with 501(c)3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501(c)3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p>			

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

SECTION A - BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. FVAP	12.217	\$	\$	\$ 466,939.00	\$	\$ 466,939.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		\$ 0.00	\$ 0.00	\$ 466,939.00	\$ 0.00	\$ 466,939.00
SECTION B - BUDGET CATEGORIES						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY					Total
	(1)	FVAP	(2)	(3)		(5)
a. Personnel	\$	0.00	\$	\$	\$	0.00
b. Fringe Benefits		0.00				0.00
c. Travel		0.00				0.00
d. Equipment						0.00
e. Supplies						0.00
f. Contractual		453,139.00				453,139.00
g. Construction						0.00
h. Other		13,800.00				13,800.00
i. Total Direct Charges (sum of 6a-6h)		466,939.00	0.00	0.00	0.00	466,939.00
j. Indirect Charges						0.00
k. TOTALS (sum of 6i and 6j)	\$	466,939.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 466,939.00
7. Program Income		\$	\$	\$	\$	0.00

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)

Prescribed by OMB Circular A-102

SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8. n/a	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
9.				0.00	
10.				0.00	
11.				0.00	
12. TOTAL (sum of lines 8-11)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 466,939.00	\$ 116,734.75	\$ 116,734.75	\$ 116,734.75	\$ 116,734.75
14. Non-Federal	0.00	0.00	0.00	0.00	0.00
15. TOTAL (sum of lines 13 and 14)	\$ 466,939.00	\$ 116,734.75	\$ 116,734.75	\$ 116,734.75	\$ 116,734.75
SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16.n/a	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
17.					
18.					
19.					
20. TOTAL (sum of lines 16-19)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
SECTION F - OTHER BUDGET INFORMATION					
21. Direct Charges:		22. Indirect Charges:			
23. Remarks:					



NELSON W. WOLFF
COUNTY JUDGE

PAUL ELIZONDO TOWER
101 W. NUEVA STREET, SUITE 1019
SAN ANTONIO, TEXAS 78205-3482
(210) 335-2626 • FAX (210) 335-2926
Email - nwolff@bexar.org

November 3, 2011

Mr. Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, Virginia 22350-1300

Dear Mr. Lavelle,

Pursuant to your conference call on Thursday morning, November 3, 2011, with Ms. Jacque Callanen and Dr. Allen Castro, I am writing you this letter to clarify three issues related to our grant application for the Bexar County Electronic Absentee Systems for Elections (EASE).

First, the electronic return of voted ballots in an actual election will not be funded through this grant. This is not an approved method of returning ballots in the State of Texas. Second, we are amenable to extending the grant reporting term through 2016 given that we would like to procure a five year license subscription and support maintenance for this initiative. Third, we will remove the \$7,388 in travel and training from the proposed budget and submit a revised budget without this funding request in a Standard Form 424 and 424A.

Thank you for your interest in funding our proposal. We look forward to addressing any and all concerns you may have as you deliberate this grant award. Should you have any questions, you can contact Dr. Allen Castro at (210) 335-0744 or acastro@bexar.org or Ms. Jacque Callanen at (210) 335-0305 or jcallanen@bexar.org.

Sincerely,

A large black rectangular redaction box covering the signature area of the letter.

Nelson W. Wolff

Key Contacts Form

* **Applicant Organization Name:**

Bexar County Commissioners Court

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* **Contact 1 Project Role:** Bexar County Elections Administrator

Prefix: Mr.

* **First Name:** Jacquelyn

Middle Name: E.

* **Last Name:** Callanen

Suffix:

Title: Bexar County Elections Administrator

Organizational Affiliation:

Bexar County Elections Department

* **Street1:** 203 W. Nueva

Street2:

* **City:** San Antonio

County: Bexar

* **State:** TX: Texas

Province:

* **Country:** USA: UNITED STATES

* **Zip / Postal Code:** 78207

* **Telephone Number:** 210-335-8683

Fax: 210-335-0371

* **Email:** jcallanen@bexar.org

Key Contacts Form

* Applicant Organization Name:

Bexar County Commissioners Court

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Strategy and Performance Planner

Prefix: Dr.

* First Name: Allen

Middle Name:

* Last Name: Castro

Suffix: Ph.D.

Title: Strategy and Performance Planner

Organizational Affiliation:

Bexar County Department of Community Resources

* Street1: 233 North Pecos, Suite 590

Street2:

* City: San Antonio

County: Bexar

* State: TX: Texas

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 78207

* Telephone Number: 210-335-0744

Fax: 210-335-6788

* Email: acastro@bexar.org

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="08/24/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="REDACTED"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	---

d. Address:

* Street1:	<input type="text" value="101 West Nueva, 10th Floor"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="San Antonio"/>
County/Parish:	<input type="text" value="Bexar"/>
* State:	<input type="text" value="TX: Texas"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="78204-1024"/>

e. Organizational Unit:

Department Name: <input type="text" value="Community Resources"/>	Division Name: <input type="text" value="Grants Management"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Dr."/>	* First Name: <input type="text" value="Allen"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Castro"/>	
Suffix: <input type="text" value="Ph.D."/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="210-335-0744"/>	Fax Number: <input type="text" value="210-335-6788"/>
---	---

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Areas Affected by Funding.doc

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Bexar County EASE Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant TX-020

b. Program/Project TX-020

Attach an additional list of Program/Project Congressional Districts if needed.

Congressional Districts of Project.doc

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date: 10/01/2011

* b. End Date: 09/30/2012

18. Estimated Funding (\$):

* a. Federal	474,327.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	474,327.00

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr. * First Name: Nelson

Middle Name: William

* Last Name: Wolff

Suffix:

* Title: Bexar County Judge

* Telephone Number: 210-335-2626

Fax Number: 210-335-2926

* Email: nwolff@bexar.org

* Signature of Authorized Representative: Allen Castro

* Date Signed: 06/24/2011

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Electronic Absentee Systems for Elections (EASE)	12.217	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 474,327.00	\$ <input style="width: 100px;" type="text"/>
2.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
3.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
4.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
5. Totals		\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 474,327.00	\$ <input style="width: 100px;" type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee Systems for Elections (EASE)			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel	7,388.00			
d. Equipment				
e. Supplies	4,800.00			
f. Contractual	453,139.00			
g. Construction				
h. Other	9,000.00			
i. Total Direct Charges (sum of 6a-6h)	474,327.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 474,327.00	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text" value="Electronic Absentee Systems for Elections (EASE)"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text"/>
9. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
10. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
11. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="474,327.00"/>	\$ <input type="text" value="118,581.75"/>	\$ <input type="text" value="118,581.75"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="474,327.00"/>	\$ <input type="text" value="118,581.75"/>	\$ <input type="text" value="118,581.75"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
18.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
19.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

16 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

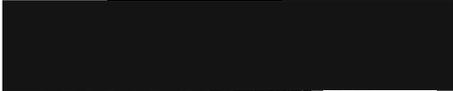
SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0019

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.


ROBERT W. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0019.

(NAME)

(SIGNATURE)

(DATE)

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0019 with the County of Bexar

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0011-000 (dated 08 November 2011) was received in the amount of **\$474,327.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 02 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 16 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 21 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions. As a result of discussions and acceptance of the Recipient's revised Application and Budget, the award amount has been decreased to \$466,939.00.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 453,139.00	\$ -	\$ 453,139.00
Construction	\$ -	\$ -	\$ -
Other	\$ 13,800.00	\$ -	\$ 13,800.00
Total Direct Charges	\$ 466,939.00	\$ -	\$ 466,939.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 466,939.00	\$ -	\$ 466,939.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 453,139.00	97.04%
Construction	\$ -	0.00%
Other	\$ 13,800.00	2.96%
Total Direct Charges	\$ 466,939.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 466,939.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Dallas will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 27 April 2012.

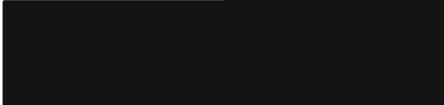
(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. RATIONALE TO ENTER INTO PROPOSED GRANT.

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that H98210-12-1-0019 with the County of Bexar in the amount of \$466,939.00 be approved in its final form.

DATE: 09 December 2011


ROBERT J. LAVELLE
Grants Officer

Areas Affected by Funding

Bexar County, Texas (includes the City of San Antonio).

Congressional Districts of Project

20th, 21st, 23rd, and 28th.



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

May 23, 2011

Ms. Wendy Noren
Boone County Clerk
County of Boone
801 E Walnut Rm 236
Columbia, MO 65201

Dear Ms. Noren:

The U.S. Election Assistance Commission (EAC) has awarded your organization \$25,000 in Fiscal Year 2009 and 2010 grant funds for the 2010 Pre-Election Logic and Accuracy Testing and Post-Election Audit Initiative to develop and document processes and best practices for coordinating quality and cost-effective voting system pre-election logic and accuracy testing and post-election audits.

Your Notice of Grant Award (NGA) is attached. The NGA establishes the period of performance for your award and references the standard terms and conditions and any applicable special conditions associated with your award. Please be sure to review this document carefully and refer to it as you continue through your program.

Prior to requesting grant funds, you must submit a SF-3881, *ACH Vendor/ Miscellaneous Payment Enrollment Form* to the EAC. If your organization does not yet have an account established with the EAC, please complete this form as soon as possible so that we may get you set up in our accounting system. You may email this form to HAVAfunding@eac.gov or fax it to (202) 566-3127. To request an advance or reimbursement payment of grant funds you must complete a SF-270, *Request for Advance or Reimbursement* and email or fax it to the above address.

These forms are located at: http://www.eac.gov/payments_and_grants/federal_standard_forms.aspx.

If you have any questions, please contact Debbie Chen at (202) 566-2166 or by email at dchen@eac.gov. We look forward to working with you on the implementation of your project.

Sincerely,

(b) (6)

Mark Robbins
General Counsel
U.S. Election Assistance Commission

Attachments:

Notice of Grant Award
Special Award Conditions
Grant Terms and Conditions
ACH Vendor Form (SF-3881)



U.S. Election Assistance Commission

NOTICE OF GRANT AWARD

1. TYPE OF FUNDING
COMPETITIVE GRANT

2. AWARD/ACT NUMBER
EAC110150J

3. PROJECT TITLE/DESCRIPTION
2010 Pre-Election Logic and Accuracy Testing and Post-Election
Audit Initiative
CFDA #90.403

4. FEDERAL SHARE OF COST
\$ 25,000

5. RECIPIENT'S SHARE OF COST
\$ 0

5. ACCOUNTING AND APPROPRIATION DATA

803X TZM91907 10 41.0 000 R22

7. TOTAL COST
\$25,000

8. PROJECT PERIOD
May 23, 2011 - April 30, 2013
BUDGET PERIOD
May 23, 2011 - April 30, 2013

9. NAME AND ADDRESS OF LEGAL APPLICANT
COUNTY OF BOONE MISSOURI
801 E Walnut Rm 236
Columbia, MO 65201

10. GRANTEE/RECIPIENT
CONTACT INFORMATION
Ms. Wendy Noren
Boone County Clerk
County of Boone
801 E Walnut Rm 236
Columbia, MO 65201
wnoren@boonecountymo.org
573-886-4295

11. SEND REQUESTS FOR
REIMBURSEMENT TO:

U.S. Election Assistance Commission
2010 Pre-Election Logic and Accuracy
Testing and Post-Election Audit
Initiative
1201 New York Ave., N.W., Ste 300
Washington, D.C., 20005

12. STATUTORY AUTHORITY
FOR ASSISTANCE

Omnibus Appropriations Act for
Fiscal Year 2009 (PL 111-8) and
Fiscal Year 2010 (PL 111-117).

13. SPECIAL AWARD CONDITIONS

Special award conditions are attached.

14. AGREEMENT

By accepting funds under this grant, the Grantee agrees to use the funds in accordance with:

1. Any special award conditions.
2. The attached terms and conditions
3. All applicable Federal statutes, regulations, and guidelines.
4. The application and budget submitted to the Election Assistance Commission under the 2010 Pre-Election Logic and Accuracy Testing and Post-Election Audit Initiative, including all assurances and certifications made.
5. Applicable EAC guidance, regulations, and reporting requirements established in the Notice of Funds Availability (NOFA).
6. The Office of Management and Budget Circulars A-87 (as published in 2 CFR 225), Uniform Administrative Requirements A-102 and A-133, including any updates or amendments.

15. GRANTEE/RECIPIENT SIGNATURE
N/A

16. EAC AWARD OFFICIAL SIGNATURE

(b) (6)

15A. NAME/TITLE
N/A

15B. DATE
N/A

16A. NAME/TITLE
Mark Robbins, General Counsel

16B. DATE
May 23, 2011

U.S. Election Assistance Commission (EAC) Pre-Election Logic and Accuracy & Post-Election Audit
Initiative Special Award Conditions

1. Reporting: Grantees are required to submit semi-annual progress and financial reports, which are due 30 days after the end of the reporting period. For the purposes of this program, the reporting periods will end on November 30 and May 31 with reports due December 30 and June 30 of each year. Due to the timing of the initial award notice, the first quarterly progress and financial report is due December 30, 2011.
2. Prior Approval Requirements: Grantees are reminded that all prior approval requirements detailed in the standard terms and conditions apply to this award.

U.S. Election Assistance Commission Pre-Election Logic and Accuracy/Post-Election Audit Initiative Grant Terms and Conditions

These Terms and Conditions are binding on the recipient of the U.S. Election Assistance Commission (EAC) 2010 Pre-Election Logic and Accuracy & Post-Election Audit Initiative. By accepting grant funds, the recipient agrees to comply with, and include in all sub-recipient awards, these Terms and Conditions, all applicable federal statutes, regulations and guidelines, and any amendments thereto.

The recipient also agrees to expend the awarded federal assistance in accordance with the approved application and budget, supporting documents, and other representations made in support of the application. For the purposes of these Terms and Conditions, the term ‘recipient’ refers to the entity that receives federal funds, which are being awarded and administered in the form of a grant. The term ‘recipient’ refers to either the recipient of a grant or the sub-recipient of such a payment as appropriate, throughout these Terms and Conditions.

TABLE OF CONTENTS

I.	Legislative and Regulatory Authority.....	2
II.	Applicable Statutes and Administrative Provisions.....	2
	1. Definitions.....	2
	2. Conformance to Applicable Federal Guidelines.....	2
III.	EAC Program Special Provisions	3
	1. Project/Budget Period	3
	2. Disbursement of Grant Money.....	3
	3. Reporting Requirements	4
	4. Prior Approval Requests	6
	5. Program Income.....	7
	6. Close Out.....	7
	7. Human Subjects.....	7
	8. Funding Restrictions	7
	9. Other Limitations	8
	10. Use of Materials.....	8
	11. Other Requirements	9
IV.	Administrative and National Policy Requirements.....	9
	1. Access for Persons with Disabilities.....	9
	2. Suspension and Debarment.....	9
	3. Financial Management System	9
	4. Records and Compliance Information	9
V.	General Provisions.....	10
	1. Grant Administration Responsibilities.....	10
	2. Financial Management Standards	10
	3. EAC Office of Inspector General	12

I. Legislative and Regulatory Authority

This assistance is funded under the Consolidated Appropriations Act for Fiscal Year 2009 (Public Law 111-8) and Fiscal Year 2010 (Public Law 111-117), and authorized under the Help America Vote Act (HAVA) of 2002, Public Law (P.L.) 107-252.

II. Applicable Statutes and Administrative Provisions

II.1. Definitions

‘Recipient’ or ‘grantee’ for the purposes of this agreement means the direct recipient of this grant. The recipient is legally accountable to EAC for the use of grant funds and is bound by these terms and conditions and other applicable law. The recipient is responsible for ensuring that sub-grantees or other organizations carrying out activities under this award comply with these provisions, including, but not limited to regulations and OMB circulars listed below.

‘Sub-recipient’ or ‘sub-grantee’ refers to an organization receiving HAVA funds from a recipient/grantee of EAC.

II.2. Conformance to Applicable Federal Guidelines

EAC has determined that the following Office of Management and Budget (OMB) guidelines apply to these federal funds:

A. States, Indian tribes, U.S. territories, and local governments:

- OMB Circular A-102 (“Common Rule”), Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;
- OMB Circular A-87 (2 CFR 225), Cost Principles for State and Local Governments; and
- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

B. Nonprofit organizations:

- OMB Circular A-110 (2 CFR 215), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations;
- OMB Circular A-122 (2 CFR 230), Cost Principles for Nonprofit Organizations; and
- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

C. Educational institutions:

- OMB Circular A-110 (2 CFR 215), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations;
- OMB Circular A-21 (2 CFR 220), Cost Principles for Educational Institutions; and
- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

D. For profit entities:

- Cost-principles: 48 CFR 31;
- Administrative requirements: Federal Acquisition Regulation (FAR); and
- Audit Requirements: Federal Acquisition Regulation (FAR)

Please note that all the limitations listed in the grant announcement regarding use of funds still apply. Should there be any inconsistency among the Notice of Grant Award, federal law and regulations, the standard Terms and Conditions, and the Notice of Funding Availability (NOFA), the order of precedence is: (1) Notice of Grant Award; (2) standard Terms and Conditions; (3) NOFA; and (4) federal law and regulations. Please review these requirements, including those listed above, as you continue planning your program.

III. EAC Program Special Provisions

III.1. Project/Budget Period

For the purpose of this grant, a *project period* is the complete length of time the grantee is proposed to be funded to complete approved activities under the grant. The grantee is not allowed to incur costs or obligate funds for any purpose pertaining to the operation of the project, program, or activities beyond the expiration date stipulated in the award.

A project period may contain one or more *budget periods*. A budget period is a specific interval of time for which federal funds are being provided to fund a grantee's approved activities. The project period and the budget period are noted in the award document.

III.2. Disbursement of Grant Money

Payments will be made through electronic funds transferred directly to the recipient's bank account and in accordance with the requirements of the Debt Collection and Improvement Act of 1996 and the Cash Management Improvement Act. To receive payments, grantees must initially complete and submit the SF-3881, *ACH Vendor/Miscellaneous Payment Enrollment Form* to EAC. The form is located at:

http://www.eac.gov/payments_and_grants/federal_standard_forms.aspx.

Grantees may email this form to HAVAFunding@eac.gov or fax this form to EAC at 202-566-3127. EAC will send your completed form to the General Services Administration (GSA), which will disburse the funds on EAC's behalf. GSA may contact you to confirm the banking information required for the electronic funds transfer.

Grantees must use the SF-270, *Request for Advance or Reimbursement* to request payment. Generally, deposits shall be made within approximately five days of receipt of the form by EAC. For reimbursement requests, grantees should submit a request to EAC no more than monthly. For advances, grantees should submit requests to EAC as needed to minimize the period from receipt of the funds to disbursement. Grantees that request advance payments are required to maintain those payments in an interest bearing account. The SF-270 shall be numbered consecutively and identified for the period for which payment is claimed. The required SF-270 is located at:

http://www.eac.gov/payments_and_grants/federal_standard_forms.aspx. Advance funds not disbursed in a timely manner must be promptly returned to EAC.

III.3. Reporting Requirements

EAC grantees are required to submit reports on a regular basis in order to remain in compliance with EAC requirements. This section includes information on progress reports, financial reports, invention reports, the reports required by the Transparency Act, and audit reports. Grantees are reminded that these reports are due at specific times during the life cycle of a grant, and that it is important that all reports are accurate, complete, and submitted on time. Additional details on the reporting periods may be included in the Special Award Conditions section of the Notice of Grant Award.

A. Progress Reporting

EAC grantees are required to submit, at a minimum, an annual progress report for each grant. More frequent reporting requirements will be notated in the Special Award Conditions section of the Notice of Grant Award. While there is no specific form associated with the progress report, the grantee should submit a written narrative that contains the following information:

- Progress of the project to date, with a comparison of actual accomplishments with the goals and objectives established for the period (whenever appropriate and the output of programs or projects can be readily quantified. Such quantitative data should be related to cost data for computation of unit costs);
- Reasons why established goals were not met, if appropriate;
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs;
- Estimate of the costs remaining on the project;
- Reporting of any Inventions and Patents as a result of the project;
- Any other information that may be relevant to the performance of the award.

Grantees may submit prior approval requests (e.g. changes in key personnel, scope of work, budget, etc) along with the progress report. However, any requests should be clearly labeled and attached as a separate document from the progress report (see Section III.4. Prior Approval Requirements). All requests for prior approval should be submitted to the EAC no later than 30 days before the proposed change.

Annual progress reports shall be due within 90 calendar days after the grant year; quarterly or semi-annual reports shall be due within 30 calendar days after the reporting period. Reporting periods are specified in the Special Award Conditions of the Notice of Grant Award and should be emailed to HAVAfunding@eac.gov.

Final Progress Reports are due within 90 calendar days after the end of the project period.

B. Financial Reporting

EAC grantees are required to report on the financial status of grant awards using the Federal Financial Report (SF-425), which can be found at the following website:

http://www.eac.gov/payments_and_grants/reporting.aspx

Annual financial reports shall be due within 90 calendar days after the grant year; quarterly or semi-annual reports shall be due within 30 calendar days after the reporting period. Reporting periods are specified in the Special Award Conditions of the Notice of Grant Award and should be emailed to HAVAfunding@eac.gov.

Final Progress Reports are due within 90 calendar days after the end of the project period.

Requests for Extensions of Progress and Financial Reporting Requirements

Requests for extensions of progress and financial reporting deadlines will be granted when: (1) the report cannot be furnished in a timely manner for reasons legitimately beyond the control of the grantee and (2) EAC receives a request explaining the need for an extension at least thirty days before the due date of the report. Deadline extensions for programmatic and financial reports may only be granted by the Director of Grants.

C. Invention Reporting

The Bayh-Dole Act (P.L. 96-517) and 37 CFR Part 401 allows universities, non-profit and for-profit grantees the right to elect title and retain ownership to inventions they develop with funding under grant awards. Part of the requirement stipulates that the grantee must report all inventions to the awarding agency. EAC grantees can comply with this requirement by reporting inventions and patents in the progress report or separately in writing to the EAC.

D. FFATA Reporting (Sub-recipient Reporting and Executive Compensation)

Sub-recipient Reporting

To fully implement the Federal Funding Accountability and Transparency Act (FFATA) sub-award reporting and executive compensation requirements, all EAC grantees receiving grants after October 1, 2010 are required to report on all sub-awards over \$25,000 to the Federal Sub-award Reporting System (FSRS) online at www.FSRS.gov. This must occur no later than the end of the month following the month in which the obligation was made.

Executive Compensation

Grantees that meet the following requirements will be required to report on the total compensation of the five most highly-compensated executives: Organizations that received 80 percent or more of its annual gross in the preceding fiscal year from federal funds; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. See FFATA § 2(b)(1).

More information on these requirements can be found at the www.FSRS.gov website.

E. Single Audit (A-133)

Grantees that expend more than \$500K in federal grants, cooperative agreements, and/or procurement contracts in a fiscal year are required to have an audit by a public accountant or a Federal, State, or local governmental audit organization. The audit must meet the standards specified in generally accepted government auditing standards (GAGAS), as defined in OMB Circular A-133, Subpart B, Audits of States, Local Governments, and Non-Profit Organizations.

Grantees are required to submit a completed data collection form (SF-SAC) and the Single Audit reporting package to Federal Audit Clearinghouse within 30 days after the auditor's report, or nine months after the end of the audit period, whichever occurs earlier.

The Federal Audit Clearinghouse's Internet Data Entry System can be found at:
<http://harvester.census.gov/fac/collect/ddeindex.html>.

See section V.2.C for additional information on Audits.

III.4. Prior Approval Requirements

Grantees are required to submit written requests to the EAC for prior approval of key changes to the project. These include programmatic, budgetary, and key personnel changes, additions or removal of sub-awards, and extensions to the budget and project period. All requests should be submitted to the EAC no later than 30 days before the proposed change, and signed by the authorized individual at the organization.

A. Budget Changes

The grantee must obtain the prior written approval from the EAC before amending the approved budget in any of the following ways:

- Specific costs requiring prior approval before incurrence under OMB Circulars A-21 (2 CFR part 220), A-87 (2 CFR part 225) or A-122 (2 CFR part 230). For certain cost items, the cost circulars require approval from the awarding agency for the cost to be allowable. Examples of these costs are overtime pay, rearrangement and alteration costs, and pre-award costs;
- Changes in the budget of more than 10% of the total budget;
- Purchases of equipment over \$5,000 using grant funds, unless already specified in the approved grant application;
- Change to the level of funding;
- Change in the level of matching funds.

B. Key Personnel Changes

Grantees should notify EAC of any changes in key personnel. Requests for changes in key personnel should include: (1) the reason for the change; (2) brief biosketch of the proposed

individual; (3) and a description of any changes to the budget or project goals as a result of the personnel change.

C. Programmatic Changes – Changes in Scope

The recipient must request permission from EAC when there are changes in the scope, objectives or goals of the program, whether or not they involve budgetary changes.

D. Addition or removal of a Sub-awarding organization

Prior approval is required for entering into additional sub-grants or contracts for activities funded with grant funds, but not identified or included in the approved application.

E. No-cost Extension Request

Grantees may request an extension of the project period of up to 12 months for no additional funds. The request should be received at least thirty days prior to the end of the project period and should include the following information:

- Reason for the delay in the performance of the project;
- Progress on the project to-date;
- Approximate balance of funds remaining on the project;
- Plans for the use of the funds during the extension period.

Grantees will be notified of the approval of the no-cost extension through a notification letter signed by the Grants Director, along with a revised Notice of Grant Award reflecting a new budget and project end date.

III.5. Program Income

Unless otherwise stated in the Special Award Conditions of the Notice of Grant Award, EAC grantees should use the additive alternative. Any income, including fees for service earned as a direct result of the grant-funded program activities during the award period, should be added to the funds committed to the project and used to further eligible project or program objectives. The amount of program income earned and the amount expended must be reported on the federal financial report (FFR).

III.6. Close-out

EAC grantees are required to submit *final* progress and financial status reports (SF-425) within 90 calendar days after the end of the project period. In addition, grantees should indicate whether any inventions or patents resulted from the project. Grantees should liquidate all obligations no later than 90 days after the end of the project period.

III.7. Human Subjects Work

EAC grantees are required to submit any human subjects protocols to an Institutional Review Board for review and approval prior to beginning any work involving human subjects. Only work that is clearly severable and independent from activities involving human subjects can be conducted and no funds can be obligated for human subjects work until IRB approval is received

and a copy of the approval has been accepted by the EAC. An IRB review is required for each site where human subjects activities will be conducted.

III.8. Funding Restrictions

Grantees under this program are subject to the applicable OMB Cost Principles:

OMB Circular A-87 (2 CFR 225), Cost Principles for State and Local Governments
OMB Circular A-122 (2 CFR 230), Cost Principles for Nonprofit Organizations
OMB Circular A-21 (2 CFR 220), Cost Principles for Educational Institutions
FAR48 CFR 31, Federal Acquisition Regulation for For-Profit Organizations

Unallowable costs include, but are not limited to: alcoholic beverages, bad debt, construction, contingencies, contributions to other entities, entertainment (including costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, gratuities, and prizes), goods or services for personal use, organization costs (such as incorporation fees, brokers' fees, fees to promoters, management consultants, attorneys, accountants, or investment counselors).

III.9. Other Limitations

Funds from EAC may not be used to fund religious instruction, worship or proselytizing, voter registration, voting support, get-out-the vote (GOTV) drives or other political activities that could be construed as lobbying.

Funds from EAC may not be used to fund religious instruction, worship or proselytizing, voter registration, voting support, get-out-the-vote (GOTV) drives, or other political activities that could be construed as lobbying. In addition, Use of funds from EAC could subject you and/or your staff to the applicable provisions of the Hatch Act. See <http://www.osc.gov/haStateLocalfaq.htm> for more information.

III.10. Use of Materials

To ensure that materials generated with EAC funding are available to the public and readily accessible to grantees and sub-grantees, EAC reserves a royalty-free, nonexclusive, and irrevocable right to obtain, use, modify, reproduce, publish, or disseminate publications and materials produced under the agreement, including data, and to authorize others to do so. The grantee must agree to make such publications and materials available to the public, as identified by EAC, at no cost or at the cost of reproduction through EAC's clearinghouse. All materials developed by EAC grantees must be accessible to individuals with disabilities to the extent required by law.

III.11. Other Requirements

The award recipient must:

- Submit copies of all curricula, handouts, and other developed materials to EAC's clearinghouse upon request;
- Use EAC's logo for materials produced if directed and with EAC's permission;
- Meet, as necessary, with the cognizant grants officer or other staff or consultants designated by EAC to review work plans and budgets, monitor progress, and exchange ideas and information concerning training and technical assistance;
- Provide the following acknowledgment and disclaimer in any external report or publication of material based upon work supported by the grant award: "This material is based upon work supported by the U.S. Election Assistance Commission (EAC). Opinions or points of view expressed in this document are those of the authors and do not necessarily reflect the official position of, or a position that is endorsed by, EAC or the Federal government."

IV. Administrative and National Policy Requirements

IV.1. Access for Persons with Disabilities

All grant recipients will ensure that all training and technical assistance services and resources including websites are accessible to persons with disabilities, as required by law.

IV.2. Suspension and Debarment

Grantees are prohibited from entering into sub-award or contractual agreements with organizations or individuals who are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. The listing of organizations and individuals who are barred from receiving federal funds is available at the Excluded Parties List System (EPLS) located at <https://www.epls.gov/>

Please note that EAC has established suspension and debarment regulations which describe EAC procedures for suspending or debaring grantees at 2 C.F.R. pt. 5800.

IV.3. Financial Management Systems

Applicants selected for funding must comply with the requirements of the Single Audit Act Amendments of 1996 (31 U.S.C.7501-07) if the applicant expended \$500,000 or more in federal awards in its most recent fiscal year. Documentation must include certification that the applicant maintains internal controls over federal awards, complies with applicable laws, regulations and contract or grant provisions, and prepares appropriate financial statements.

IV.4. Records and Compliance Information

As a condition of receiving funding from EAC, recipients must comply with applicable federal civil rights law, including Title VI of the Civil Rights Act of 1964, Section 504 of the

Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, and the Age Discrimination Act of 1975. The recipient must keep records and make available to EAC timely, complete and accurate compliance information to allow EAC to determine if the grantee is complying with the civil rights statutes and implementing regulations. The recipient shall permit access to EAC during normal business hours to its books, records, accounts, staff, members, facilities, and other sources of information as may be needed to determine compliance with appropriate laws and circulars. Where a recipient extends federal financial assistance to sub-recipients, the sub-recipients must make available compliance information to the grantee so it can carry out its civil rights obligations.

V. General Provisions

V.1. Grant Administration Responsibilities

A. Accountability of Grantee. The recipient has full responsibility for managing all aspects of the activities supported through the grant, subject to EAC's oversight. The recipient is accountable to EAC for its use of HAVA funds in implementing the proposed and approved project. The recipient must expend funds in a judicious and reasonable manner, and it must record accurately the outcomes achieved through the approved program. Although recipients are encouraged to seek the advice and opinion of EAC on unique issues that may arise, such advice does not diminish the recipient's responsibility for making sound judgments and does not mean that the responsibility for operating decisions has shifted to EAC.

B. Notice to EAC. The recipient will notify the Grants Office immediately of any developments or delays that have a significant impact on funded activities, any significant problems relating to the administrative or financial aspects of the grant, or any suspected misconduct or malfeasance related to sponsored activities or recipient/sub-recipient(s). The recipient will inform the Director of Grants about the corrective action taken or contemplated by the grantee and any assistance needed to resolve the situation.

V.2. Financial Management Standards

A. General. The recipient must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures as necessary. Financial management systems must be capable of distinguishing expenditures attributable to this grant from expenditures not attributable to this grant. The systems must be able to identify costs by programmatic year and by budget category and to differentiate between direct and indirect costs or administrative costs. For further details about the grantee's financial management responsibilities, refer to OMB Circular A-102 and its implementing regulations or A-110 and its implementing regulations as applicable.

B. Consistency of Treatment. In addition to be reasonable, allocable, in accordance with any laws, cost principles, and limitations in the award document, costs must also be consistently treated in order to be an allowable charge on the award. Costs should be consistently treated regardless of the source of funds, so federal funds

Institutions should have policies and procedures that apply uniformly to both federally financed and other activities of the organization. Furthermore, the costs must be accorded consistent treatment in both federally financed and other activities, as well as between activities, supported by different sources of federal funds.

C. **Audits.** Recipients of grants distributed by EAC may be subject to one or more of three types of audits: a single audit, an audit conducted by the EAC Office of Inspector General (OIG), and an audit conducted by the Comptroller General of the United States. Each of these audits is authorized by the Help America Vote Act (HAVA) (see Section 902), the Single Audit Act, and/or the Inspector General Act of 1978, as amended (IG Act).

Single Audit

Grantee organizations that expend \$500,000 or more in a year in federal awards shall have a single or program-specific audit conducted for that year in accordance with the Single Audit Act, as amended, 31 U.S.C. 7501, et seq., and OMB Circular A-133. If the grantee expends federal awards under only one federal program, it may elect to have a program specific audit, if it is otherwise eligible. A grantee that does not expend more than \$500,000 in a fiscal year in federal awards is exempt from the single audit requirements of OMB Circular A-133 for that year. However, it must continue to conduct financial management reviews of its sub-grantees, and records must be available for review and audit.

A recipient of a federal grant fund that acts as a pass-through entity (i.e. provides federal funds to sub-recipients to carry-out the program) is required, in accordance with Part D of OMB Circular A-133, to do the following with regard to its sub-recipients: (1) identify the federal award and funding source; (2) advise sub-recipients of all requirements imposed on them; (3) monitor sub-recipient activities and compliance; (4) ensure sub-recipients have A-133 audits when required; (5) issue decisions and ensure follow-up on audit findings in a timely manner; (6) where necessary, adjust its own records and financial statements based on audits; and (7) require sub-recipients to permit access by the pass-through entity and auditors to records and financial statements, as necessary, for the pass-through entity to comply with A-133. State and local governments and Indian tribes that receive federal grants are also required to comply with the requirements of OMB Circular A-102, the Common Rule, concerning sub-grants and the terms that must be communicated to sub-grantees.

Office of Inspector General Audits

The EAC Office of Inspector General may conduct audits of any EAC programs or operations pursuant to the authority provided under HAVA and the IG Act. For more information concerning the role of the Inspector General please see section IV.4. below.

Comptroller General Audit

HAVA allows for an audit by the Comptroller General of the United States. See section 902(b) of HAVA. Recipients will be notified either by the Government Accountability Office (GAO) or EAC upon the commencement of this type of audit. The scope and timing of such an audit will be determined by GAO. GAO issues public reports at the culmination of audits conducted by the Comptroller General. For more information

concerning audits conducted by the Comptroller General, please see the GAO web site, www.gao.gov.

V.3. EAC Office of the Inspector General

The EAC's Office of Inspector General (OIG) is authorized under the Inspector General Act of 1978, as amended (IG Act) and the Help America Vote Act (HAVA) to conduct audits and investigations of EAC funded programs and operations. This authority extends to EAC grant recipients. Any jurisdiction or entity receiving federal funding distributed by EAC is subject to audit by the EAC Office of Inspector General.

Grantees have the responsibility to cooperate with an audit conducted by the OIG, including providing records and making persons involved in the funded activity available for interview. The grantee also has the responsibility to provide adequate work space and working conditions for auditors conducting field work during the course of an audit. The OIG may issue and compel enforcement of a subpoena for records not provided when requested.

Based on the results of these audits, the OIG recommends remedial actions to cure or rectify any misuse of or failure to appropriately document use of federal funds. The OIG provides these recommendations to the grantee and to the EAC. The grantee is permitted to provide relevant comments or responses to the draft report. Grantee responses will be incorporated into the final report which is issued to the EAC for resolution. EAC is responsible for resolution of OIG recommendations (accept or decline) and enforcement accepted recommendations made by the OIG in its audit reports. More information on audit resolutions can be found at the EAC website at: http://www.eac.gov/payments_and_grants/audit_resolutions.aspx

The EAC OIG is also responsible for investigating allegations of civil, administrative, and criminal wrongdoing involving the use of federal funds distributed by EAC. Grantees should immediately contact the OIG when they first suspect any wrongdoing involving the federal grant. The OIG will assess and investigate the allegations, as appropriate, and when warranted refer the matter to an appropriate law enforcement agency for prosecution. Complaints or allegations of wrongdoing can be made to the EAC OIG in various ways:

By phone: 866-552-0004 (toll free)
By email: eacoig@eac.gov
On-line at: www.eac.gov/eac_ig
By mail: Office of Inspector General
1201 New York Avenue NW, Ste 300
Washington, DC 20005

**ACH VENDOR/MISCELLANEOUS PAYMENT
ENROLLMENT FORM**

OMB No. 1510-0056

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY U.S. Election Assistance Commission		
AGENCY IDENTIFIER:	AGENCY LOCATION CODE (ALC):	ACH FORMAT: <input type="checkbox"/> CCD+ <input type="checkbox"/> CTX <input type="checkbox"/> CTP
ADDRESS: 1201 New York Avenue, N.W., Suite 300		
Washington, D.C. 20005		
CONTACT PERSON NAME: Anne Field, Accounting Director	TELEPHONE NUMBER: (202) 300-3100	
ADDITIONAL INFORMATION:		

PAYEE/COMPANY INFORMATION

NAME	SSN NO. OR TAXPAYER ID NO.
ADDRESS	
CONTACT PERSON NAME:	
TELEPHONE NUMBER: ()	

FINANCIAL INSTITUTION INFORMATION

NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ()
NINE-DIGIT ROUTING TRANSIT NUMBER: _ _ _ _ _	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ()

Instructions for Completing SF 3881 Form

1. Agency Information Section - Federal agency prints or types the name and address of the Federal program agency originating the vendor/miscellaneous payment, agency identifier, agency location code, contact person name and telephone number of the agency. Also, the appropriate box for ACH format is checked.
2. Payee/Company Information Section - Payee prints or types the name of the payee/company and address that will receive ACH vendor/miscellaneous payments, social security or taxpayer ID number, and contact person name and telephone number of the payee/company. Payee also verifies depositor account number, account title, and type of account entered by your financial institution in the Financial Institution Information Section.
3. Financial Institution Information Section - Financial institution prints or types the name and address of the payee/company's financial institution who will receive the ACH payment, ACH coordinator name and telephone number, nine-digit routing transit number, depositor (payee/company) account title and account number. Also, the box for type of account is checked, and the signature, title, and telephone number of the appropriate financial institution official are included.

Burden Estimate Statement

The estimated average burden associated with this collection of information is 15 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Financial Management Service, Facilities Management Division, Property and Supply Branch, Room B-101, 3700 East West Highway, Hyattsville, MD 20782 and the Office of Management and Budget, Paperwork Reduction Project (1510-0056), Washington, DC 20503.



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

(b) (6)

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-0001

18 October 2011

Via Email:
wsnoren@gmail.com

Ms. Wendy Noren
Boone County Clerk
801 E Walnut Room 236
Columbia, MO 65201-7732

Dear Ms. Noren:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is October 24th at 1:00pm (EDT). The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. In the budget proposal you have outlined specific costs for goods and services. How do these costs correspond to the research outlined in the technical proposal?
2. In the budget proposal the calculated amount for requested funds does not appear to equal the amount of funds requested. Can you help us understand this discrepancy?
3. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections."

Please clarify whether the electronic return of ballots via secure email research mentioned in Project 3 of the Technical Proposal will be used in an actual election.

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 372-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer



**WENDY S. NOREN
BOONE COUNTY CLERK
801 E WALNUT RM 236
COLUMBIA, MO. 65201
573-886-4295 FAX 573-886-4300**

**To: Bob Lavelle
From: Wendy Noren Boone County Clerk
RE: EASE Grant**

Please accept this as clarification regarding the grant submitted to the FVAP for the EASE project:

I. Electronic transmission of voted ballots:

It is understood that any grant funds associated with the online or electronic submission of voted ballots are for research purposes only. Funds utilized by this grant will not be used to create an online or electronic return of voted ballots that would differ from the way ballots were cast in the 2010 General Election. All references in the grant application to the research on electronic return of ballots will be research components.

II. Hatch Act

It is understood that because reimbursement for salaries is requested, all employees whose salaries are covered by reimbursement will be covered under the Hatch Act except those employees who are currently exempt due to their status as an elected official.

III. Clarification of budget

A revised spreadsheet and pdf documents with corrected budget costs is being submitted with this notification.

The original budget narrative contained discrepancies with the SF 424 Budget summary.

IV. Time frame for reporting and payments

It is understood that all payments and reporting will run through 2016. The intergovernmental contracts the County negotiates with the University will contain multi-year maintenance service through the 2018 elections but payments on these contracts and reporting will be completed by the 2016 end of grant period.

V. A copy of the procurement policy manual is included with this submission and is available at the County's website. Additional procurement information is available at:

www.showmeboone.com/purchasing

Sincerely yours,

(b) (6)

Wendy S. Noren
Boone County Clerk

**BUDGET PROPOSAL
COSTS ASSOCIATED WITH DELIVERABLES**

1. Direct Labor

Project Director – 200 hours 39.45 per hour 82,061 annual
7,800

Hours:

Design Development – 40 hrs
Coding and Testing - 60 hrs
Research Review - 40 hrs
Administration and Reporting – 60

Legal Counselor

819.00

40.95 per hour 20 hours \$85,176 annual

Contract development and review – 20 hours

Administrative and Clerical

100 hours at 12.00

Account payment processing and general clerical (copies, correspondence)

Total 1200.00

Fringe Benefits – county does not have negotiated F&A

1,137 Project Director

112 Legal Counsel

1,249 Total

Calculated by:

11,966 annual for benefits total

Project director @ 9.5% of total annual

Legal counselor @ .96% of total annual

Travel 16,500

Training on new system requirements in Columbia Mo. – participants will be election authorities from all over state.

150 at 110 per person

Based on CONUS lodging, breakfast and lunch MIE

Training sessions for election officials on new programs developed under grant

Subcontractor

University of Missouri – Columbia 500,948 revise to 500949

Proposal and justification attached

Additional:

University of Missouri

Training: 30,000

To be negotiated after training modules defined. Pricing based on prior services cost
Training sessions over varying period for 150 people in computer labs
Design development of training materials

University of Missouri - Usability lab and testing program – 30,000

To be determined after usability testing program finalized
Estimate provided based on prior usage and projected test modules

State of Missouri Secretary of State

75,000

Amount will reimburse the state selected vendor who will provide maintenance and modifications to state voter registration software.

Amount is estimate until:

1. State completes its RFP process and finalizes contract
2. We finalize the design specifications for new procedures
3. Modifications are submitted to vendor to negotiate items covered under general maintenance (no charge) or if they are modifications not covered under general maintenance. Modification costs will be billed to state and reimbursed by grant funds.

Consultants:

Consultants can not be contracted for until grant funds approved and purchasing policy followed. We anticipate these will be sole source service contracts but the scope of work will have to be reviewed under purchasing policies:

Consultants will be used for the following purposes:

#1 - \$12,000 **revise to 15,000**

Usability test design consulting – need to have someone who has specific research, design and testing with ballots and election related materials.

Cost based on prior estimate maximum 1500 per day.

#2 – \$10,000

Develop reporting system, assist with compiling and review research reports, and assist with survey review and consolidation

Current election schedule (4 elections in 8 months) will make it impossible to compile and submit necessary reports from project director. Need someone with experience in monitoring and reporting election costs and translating that into public policy goals.

Based on cost estimate – rate and terms will be determined in contracting phase

#3 – \$5,000 **revise to 10,000**

Need consultation on assistive technology issues to advise system developers
Contract to be negotiated if appropriately funded

Materials and Supplies:

Training manuals – 150 at 40.00 per unit. Based on prior pricing of training materials.

Other Direct Costs:

\$35,000 - revise to 30,600

Ballot Converter system (1) – will be used to test cost effectiveness of one option for tabulating returned voted ballots. Includes software and hardware for ballot conversion to optical scan ballot. Quote from vendor (Advance Ballot Solutions) will be subject to County RFP requirements unless sole source.

\$5,000 Reimburse County of Boone for additional audit costs for under major program audit requirements. County would not have these costs without the grant. Request is based on cost of last major program audit.

ADDITIONAL FUNDING REQUEST FOR HOSTING SEMINARS

The research and outreach components of this grant would be greatly enhanced through the convening of 3 small group (no more than 8) seminars with experts in the certain areas of concentration. They would actually be work sessions that would allow researchers to have access to expertise to focus research and outreach concepts. We believe these are key to the success of the overall program.

Group 1 – expertise in data mining and commercial data collection – guide research on ways to identify and serve UOCAVA voters. What tools are businesses using to identify and reach their customer base through data mining. When I book a flight to XYZ city how am I getting emails from rental car companies with deals for that city. Can we mine that same kind of data, what data should we target and how much does it cost

4-5 people

Possible cost:

25,000 – We may have to pay this group to participate

Group 2 – representative of groups that are 3rd party application providers (i.e. Overseas Vote Foundation, League of Women Voters)

It does us no good to have forms that collect and merge data with our database if people go to these sites – how do we get them to help us get the data we need.

4-5 people

Possible cost:

7,500 travel etc.

Group 3 - Google Facebook LinkedIn Twitter etc (maybe PEW with this group)

Can we utilize their resources to target the groups we need to service?

Could we use Google as the host site for 3rd party users to post the application data they collect to merge with our data? What technology do they have that we can use.

Example – can we get to a Facebook person who was born in Columbia Mo and is now in Prague?

4-5 people

Cost could be 15,000

All of these we would like to get for free. We would like to negotiate this with FVAP and get the best brains for the lowest price.

LABOR COUNTY REIMBURSED

WENDY NOREN PROJECT	
MANAGEMENT	\$7,800.00
CJ DYKEHOUSE LEGAL SERVICES	\$819.00
CLERICAL	\$1,200.00
TOTAL LABOR	\$9,819.00
FRINGE BENEFIT - COUNTY	\$1,249.00
TRAVEL - LEAS FOR TRAINING	\$16,500.00
CONSULTANTS	
UNIVERSITY - RESEARCH AND DEVELOPMENT OF DELIVERABLES	\$500,948.00
UNIVERSITY - TRUMAN SCHOOL TRAINING	\$30,000.00
UNIVERSITY USABILITY LAB	\$30,000.00
STATE OF MISSOURI - MODIFICATIONS TO MCVR SYSTEM	\$75,000.00
USABILITY CONSULTANT	\$15,000.00
CONSULTANT -REPORT WRITING AND COMPLIANCE	\$10,000.00
CONSULTANT - ASSISTIVE TECHNOLOGY	\$10,000.00
TOTAL CONSULTANT	
CONTRACTS/INTERGOVERNMENTAL AGREEMENTS	\$670,948.00
TRAINING MANUALS	\$6,000.00
BALLOT CONVERTER SYSTEM	\$30,600.00
AUDIT COSTS	\$5,000.00
TOTAL	\$740,116.00

GROUP 1 - DATA MINING AND COMMERCIAL DATA COLLECTION	\$25,000.00
GROUP 2 - THIRD PARTY APPLICATION PROVIDERS - LEAGUE, OVERSEAS VOTE ETC	\$7,500.00
GROUP 3 - SOCIAL NETWORK	\$15,000.00
TOTAL	\$47,500.00

NOTE

40,000 GROUPS 1 AND 3 CAP -
MAY SHIFT COSTS BETWEEN
1 AND 3 DEPENDING ON WHO
MIGHT REQUIRE PAYMENT

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 11/14/2012.

DUNS: 073755977

DUNS PLUS4:

CAGE/NCAGE: 4SWR3

Legal Business Name: BOONE, COUNTY OF

Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 801 E WALNUT RM 205

Physical Street Address 2:

Physical City: COLUMBIA

Physical State: MO

Physical Foreign Province:

Physical Zip/Postal Code: 65201-4890

Physical Country: USA

Mailing Name: WENDY NOREN

Mailing Street Address 1: 801 E. WALNUT

Mailing Street Address 2: ROOM 236

Mailing City: COLUMBIA

Mailing State: MO

Mailing Foreign Province:

Mailing Zip/Postal Code: 65201-4890

Mailing Country: USA

Business Start Date: 11/16/1820

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

- Construction Bonding Level, Per Contract (dollars):**
- Construction Bonding Level, Aggregate (dollars):**
- Service Bonding Level, Per Contract (dollars):**
- Service Bonding Level, Aggregate (dollars):**

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

- 921140 - Executive and Legislative Offices, Combined
- 922110 - Courts
- 926120 - Regulation and Administration of Transportation Programs

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921140	Executive and Legislative Offices, Combined	No	No
922110	Courts	No	No
926120	Regulation and Administration of Transportation Programs	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Government Business Alternate POC

Name: KAREN MILLER
Address Line 1: 801 E. WALNUT
Address Line 2:
City: COLUMBIA
State: MO
Foreign Province:
Zip/Postal Code: 65201-4890
Country: USA
U.S. Phone: 573-886-4308
Non-U.S. Phone:
Fax: 573-886-4311

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: NICOLE GALLOWAY
Address Line 1: 801 E. WALNUT
Address Line 2:
City: COLUMBIA
State: MO
Foreign Province:
Zip/Postal Code: 65201-4890
Country: USA
U.S. Phone: 573-886-4367
Non-U.S. Phone:
Fax: 573-886-4369

Name: KATHY LLOYD
Address Line 1: 705 E. WALNUT
Address Line 2:
City: COLUMBIA
State: MO
Foreign Province:
Zip/Postal Code: 65201-4487
Country: USA
U.S. Phone: 573-886-4060
Non-U.S. Phone:
Fax: 573-886-4070

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: JUDY ENGLE
Address Line 1: 801 E. WALNUT
Address Line 2:
City: COLUMBIA
State: MO
Foreign Province:
Zip/Postal Code: 65201-4890
Country: USA
U.S. Phone: 573-886-4367
Non-U.S. Phone:
Fax: 573-886-4369



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Chicago 1523 West Central Road, BLDG 203 Arlington, Heights, IL 60005-2451	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Boone County 801 E Walnut, Room 205 Columbia, MO 65201-4890 POC: Ms. Wendy Noren (573) 886-4295	4a. AWARD NUMBER H98210-12-1-0020	5a. FACE VALUE \$787,616.00
	4b. AWARD DATE 12 December 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 07 DEC 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

COUNTY OF BOONE

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: PROJECT DIRECTOR

Prefix: MS

* First Name: WENDY

Middle Name: SUSAN

* Last Name: NOREN

Suffix:

Title: BOONE COUNTY CLERK

Organizational Affiliation:

COUNTY OF BOONE

* Street1: 801 E WALNUT RM 236

Street2:

* City: COLUMBIA

County: BOONE

* State: MO: Missouri

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 65201-7732

* Telephone Number: 573-886-4295

Fax: 573-886-4300

* Email: wsnoren@gmail.com

Key Contacts Form

* Applicant Organization Name:

COUNTY OF BOONE

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Director Sub-contractor level

Prefix:

Dr.

* First Name:

Dale

Middle Name:

R

* Last Name:

Musser

Suffix:

Ph.D.

Title:

Director Information Technology Program

Organizational Affiliation:

College of Engineering University of Missouri Columbia

* Street1:

107 Engineering Building West

Street2:

* City:

Columbia

County:

Boone

* State:

MO: Missouri

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code:

65211

* Telephone Number:

573-884-1328

Fax:

* Email:

musserda@missouri.edu

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: 07/12/2011	4. Applicant Identifier: <input type="text"/>
-----------------------------------	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name: COUNTY OF BOONE

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
--	--------------------------------------

d. Address:

* Street1:	801 E WALNUT ROOM 236
Street2:	<input type="text"/>
* City:	COLUMBIA
County/Parish:	BOONE COUNTY
* State:	MO: Missouri
Province:	<input type="text"/>
* Country:	USA: UNITED STATES
* Zip / Postal Code:	65201-7732

e. Organizational Unit:

Department Name: BOONE COUNTY CLERK	Division Name: <input type="text"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Ms.	* First Name: WENDY
Middle Name: SUSAN	
* Last Name: NOREN	
Suffix: <input type="text"/>	

Title: BOONE COUNTY CLERK

Organizational Affiliation:

* Telephone Number: 573-886-4295	Fax Number: 573-886-4300
----------------------------------	--------------------------

* Email: wsnoren@gmail.com

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

COUNTY LIST.pdf

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

EASE Project: Research and Development of Sustainable, Open Source, Multi-Platform Applications for use by election officials to improve outreach, services, communication, and ballot delivery to UOCA

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="787,616.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="787,616.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. RESEARCH AND PRODCUT DEVELOPMENT	<input style="width: 100%; height: 20px;" type="text"/>	\$ <input style="width: 100%; height: 20px;" type="text"/>	\$ <input style="width: 100%; height: 20px;" type="text"/>	\$ <input style="width: 100%; height: 20px; text-align: center; value: 740,116.00;" type="text"/>	\$ <input style="width: 100%; height: 20px;" type="text"/>
2. RESEARCH SEMINAR	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px; text-align: center; value: 47,500.00;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
3.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
4.	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
5. Totals		\$ <input style="width: 100%; height: 20px;" type="text"/>	\$ <input style="width: 100%; height: 20px;" type="text"/>	\$ <input style="width: 100%; height: 20px; text-align: center; value: 787,616.00;" type="text"/>	\$ <input style="width: 100%; height: 20px;" type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	RESEARCH AND PRODCUT DEVELOPMENT	RESEARCH SEMINAR		
a. Personnel	\$ 9,819.00	\$	\$	\$
b. Fringe Benefits	1,249.00			
c. Travel	16,500.00			
d. Equipment	30,600.00			
e. Supplies	6,000.00			
f. Contractual	670,948.00			
g. Construction				
h. Other	5,000.00	47,500.00		
i. Total Direct Charges (sum of 6a-6h)	740,116.00	47,500.00		
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 740,116.00	\$ 47,500.00	\$	\$
7. Program Income	\$ 0.00	\$ 0.00	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text" value="375,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="375,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. RESEARCH AND DEVELOPMENT	\$ <input type="text" value="412,616.00"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="412,616.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text" value="617327.00"/>	22. Indirect Charges: <input type="text" value="170289.00"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0020 with Boone County

I. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0007-000 (dated 08 November 2011) was received in the amount of **\$787,616.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number 12.217.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 24 October 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

- a. Effective Date of Award – 12 December 2011, pending acceptance of the terms and conditions by the Recipient.
- b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.
- c. Payment will be on an Advance basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.
- d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 28 November 2011, the Recipient accepted the Data Point Collection Report Requirements and has submitted all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 9,819.00	\$ -	\$ 9,819.00
Fringe Benefits	\$ 1,249.00	\$ -	\$ 1,249.00
Travel	\$ 16,500.00	\$ -	\$ 16,500.00
Equipment	\$ 30,600.00	\$ -	\$ 30,600.00
Supplies	\$ 6,000.00	\$ -	\$ 6,000.00
Contractual	\$ 670,948.00	\$ -	\$ 670,948.00
Construction	\$ -	\$ -	\$ -
Other	\$ 52,500.00	\$ -	\$ 52,500.00
Total Direct Charges	\$ 787,616.00	\$ -	\$ 787,616.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 787,616.00	\$ -	\$ 787,616.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASIS	PERCENTAGE
Personnel	\$ 9,819.00	1.25%
Fringe Benefits	\$ 1,249.00	0.16%
Travel	\$ 16,500.00	2.09%
Equipment	\$ 30,600.00	3.89%
Supplies	\$ 6,000.00	0.76%
Contractual	\$ 670,948.00	85.19%
Construction	\$ -	0.00%
Other	\$ 52,500.00	6.67%
Total Direct Charges	\$ 787,616.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 787,616.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Chicago will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 14 November 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0020** with Boone County in the amount of **\$787,616.00** be approved in its final form.

DATE: **07 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

07 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0020

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0020.

(NAME)

(SIGNATURE)

(DATE)

STATE COUNTY AFFECTED BY GRANT

MO ADAIR
MO ANDREW
MO ATCHISON
MO AUDRAIN
MO BARRY
MO BARTON
MO BATES
MO BENTON
MO BOLLINGER
MO BUCHANAN
MO BUTLER
MO CALDWELL
MO CALLAWAY
MO CAMDEN
MO CAPE GIRARDEAU
MO CARROLL
MO CARTER
MO CASS
MO CEDAR
MO CHARITON
MO CHRISTIAN
MO CLARK
MO CLAY
MO CLINTON
MO COLE
MO COOPER
MO CRAWFORD
MO DADE
MO DALLAS
MO DAVIESS
MO DEKALB
MO DENT
MO DOUGLAS
MO DUNKLIN
MO FRANKLIN
MO GASCONADE
MO GENTRY
MO GREENE
MO GRUNDY
MO HARRISON
MO HENRY
MO HICKORY
MO HOLT
MO HOWARD
MO HOWELL
MO IRON
MO JACKSON
MO JASPER
MO JEFFERSON
MO JOHNSON
MO KANSAS CITY

county_list

MO KNOX
MO LACLEDE
MO LAFAYETTE
MO LAWRENCE
MO LEWIS
MO LINCOLN
MO LINN
MO LIVINGSTON
MO MACON
MO MADISON
MO MARIES
MO MARION
MO MCDONALD
MO MERCER
MO MILLER
MO MISSISSIPPI
MO MONITEAU
MO MONROE
MO MONTGOMERY
MO MORGAN
MO NEW MADRID
MO NEWTON
MO NODAWAY
MO OREGON
MO OSAGE
MO OZARK
MO PEMISCOT
MO PERRY
MO PETTIS
MO PHELPS
MO PIKE
MO PLATTE
MO POLK
MO PULASKI
MO PUTNAM
MO RALLS
MO RANDOLPH
MO RAY
MO REYNOLDS
MO RIPLEY
MO SALINE
MO SCHUYLER
MO SCOTLAND
MO SCOTT
MO SHANNON
MO SHELBY
MO ST CHARLES
MO ST CLAIR
MO ST FRANCOIS
MO ST LOUIS
MO ST LOUIS CITY
MO STE GENEVIEVE

county_list

MO	STODDARD
MO	STONE
MO	SULLIVAN
MO	TANEY
MO	TEXAS
MO	VERNON
MO	WARREN
MO	WASHINGTON
MO	WAYNE
MO	WEBSTER
MO	WORTH
MO	WRIGHT

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL (b) (6)	TITLE BOONE COUNTY CLERK
APPLICANT ORGANIZATION COUNTY OF BOONE	DATE SUBMITTED July 12, 2011



**WENDY S. NOREN
BOONE COUNTY CLERK
801 E WALNUT RM 236
COLUMBIA, MO. 65201
573-886-4295 FAX 573-886-4300**

Wendy Noren was elected the County Clerk of Boone County, Missouri in 1982 and has been re-elected seven times. Prior to first her election, she managed the election division of the County Clerk's office for 4 years. In 2008, she survived the 8th Presidential Election of her career.

Ms. Noren is one of two representatives of National Association of Counties serving on the Board of Advisors of the U.S. Election Assistance Commission (EAC) since its inception and is currently a member of its committee on voting system guidelines. In 2008 she completed a two year term on the National Academy of Science Computing Technology Subcommittee that prepared a detailed study of state voter registration databases.

She has also provided expert election testimony to the US EAC, the NIST Technical Guidelines Development Committee, the U.S. House Committee on Administration and the Senate Committee on Rules. In the last 30 years, she has been involved in every major legislative effort relating to elections at the state level. She has also served on numerous overseas missions as an election observer in Eastern Europe.

Ms. Noren has been honored with numerous awards for her efforts to expand voter services including special service awards from the Missouri Women's Vote Project and Centers for Independent Living.

Ms. Noren received her bachelor's degree in History from the University of Missouri-Columbia in 1976.

curriculum vita e

DALE R. MUSSER

My research interests are currently focused on network-based information systems that incorporate rich digital media content for the purposes of education, entertainment, social exchange, information dissemination, and collaboration.

address: (b) (6)

telephone: (b) (6)

email: (b) (6)

Education

June
1992

(b) (6)

Doctor of Philosophy

Instructional Design and Technology
Department of Educational Policy and Leadership
The Ohio State University

- Education, Instructional Systems Design and Evaluation, Digital Media Software Systems, Database Management Systems, Networks, Tools for Education, Educational Simulations, Artificial Intelligence, Research Methodology, Electrical Engineering

December
1989

(b) (6)

Master of Arts

Instructional Design and Technology
Department of Educational Policy and Leadership
The Ohio State University

- Education, Instructional Systems Design and Evaluation, Tools for Education, Educational Simulations, Artificial Intelligence, Research Methodology, Electrical Engineering

May
1986

(b) (6)

Bachelor of Science in Education

Physics and Mathematics Education
Department of Education
Shippensburg University of Pennsylvania

- Education, Physics, Mathematics, Educational Software

1982 - 1984

(b) (6)

Electrical Engineering

Department of Electrical Engineering
Pennsylvania State University

- Digital and Linear Systems, Physics, Mathematics

Experience

Feb 2008 -
Present

**Director of Information Technology Program
and Assistant Professor in Computer Science**

Computer Science Department
College of Engineering, University of Missouri-Columbia

- Manage IT program, teach courses in web and Internet technologies and do research in the areas of web applications, Internet technologies, cloud computing, social computing, digital media, games, simulations and Health Informatics

Feb 2007 -
Present

Adjunct Assistant Professor

Health Management and Informatics
School of Medicine, University of Missouri-Columbia

- Engaged in research and development involving information systems to support patient counseling and education

Aug 2006 -
Jan 2008

Mathematics/Physics Teacher

Tarboro High School, Edgecombe County Public Schools

- Taught Calculus, Pre-Calculus, Advanced Functions and Physics
- Implemented learning technologies for mathematics and science education

Jan 2005 -
May 2005

Instructor**Web Application Development 2**

School of Information Science and Learning Technologies
College of Education, University of Missouri-Columbia

Jun 2003 -
Jul 2003

Instructor**Developing Multimedia Mobile Applications**

Växjö Universitet, Växjö, Sweden

Apr 2003 -
Present

Owner of Eyebits Studios

Greensboro, NC/Tarboro, NC

- Web application design, development and hosting, digital media production, graphic design, photography, audio/video production, animation production, CD/DVD production, networking and wireless Internet installation

Jun 2002 -
Jul 2002

Instructor**Digital Game and Learning Environment Development**

Växjö Universitet, Växjö, Sweden

Apr 2001 -
May 2004

Assistant Professor, Network Learning Systems

School of Information Science and Learning Technologies

College of Education, University of Missouri-Columbia

- Taught courses in the School of Information Science and Learning Technologies
- Director of research and development projects in the Center for Technology Innovations in Education
- Participated in creation and operation of technology infrastructure for the College of Education
- Provided consultation to units outside of COE regarding computing, instructional technology, and software development

Jan 2000 -
May 2000

Director of Systems & Applications

Information & Access Technology Services

University of Missouri-Columbia

- Unix Systems
- Exchange E-mail
- Netware
- WebCT
- Security
- Application Development

Dec 1999 -
May 2000

Director of Advanced Computing Environments

Information & Access Technology Services

University of Missouri-Columbia

- Advanced Technology Center
- Emerging Technologies Group
- Research Support Computing

Sep 1999 -
May 2002

Instructor

Department of Computer Engineering & Computer Science

College of Engineering, University of Missouri-Columbia

- Taught course in Digital Media and Internet Software Development

1995 -
1999**Co-Founder & Co-Director**

Center for Technology Innovations in Education (CTIE)
University of Missouri-Columbia

- Directed day to day operation of CTIE: budgets, personnel, technology, facilities, mission
- Directed \$500,000 renovation of CTIE facilities
- Directed research and development projects
- Managed Internet/server services for the College of Education
- Obtained funding for research and development projects and general operation of CTIE

1994 -
2001**Research Assistant Professor**

School of Information Science and Learning Technologies
College of Education, University of Missouri-Columbia

- Taught courses in the School of Information Science and Learning Technologies
- Participated in creation and operation of technology infrastructure for the College of Education
- Provided consultation to units outside of COE regarding computing, instructional technology, and software development

1995

Manager of Multimedia Educational Software Products

IBM K-12
Atlanta, GA

- Managed the design and development of multimedia educational software products
- Managed creation of "look and feel" standards for IBM K-12 products
- Reviewed third party products acquired for distribution by IBM K-12

1994

Multimedia Software Title Director and Designer

IBM K-12
Atlanta, GA

- Designed and directed the development of "Magic Canvas!"
- Participated in development of the "Shadowboxes: A Story of the ABC's" CD-ROM for Windows
- Created and managed the IBM Educational Software Summer Design Project

1993

Software Developer

SEGA of America
Redwood City, CA

- While working for IBM I spent 3 months at SEGA developing an interpreted programming language and video player software for the SEGA CD game platform

1993 -
1994**Programming and Technology Services Team Leader**

IBM EduQuest
Atlanta, GA

- Lead Programming and Technology Services team within multimedia titles development group
- Created tools for DOS, Windows, and Macintosh multimedia development
- Selected commercial tools for software development
- Provided problem resolution expertise during multimedia title development
- Acquired and managed hardware and software for development group
- Established and managed network services
- Designed multimedia title concepts and evaluated multimedia title designs

1990 -
1992**Education Instruction Specialist**

IBM EduQuest
Atlanta, GA

- Developed a multimedia database management system
- Developed a system for accessing analog video from videodiscs over a digital network
- Developed a Novell based network voice mail system
- Co-developed second generation of the Digital Video Interactive (DVI) Audio/Video Kernel (AVK) for DOS
- Developed prototype and demonstration multimedia technologies

1991

Consultant and Multimedia Software Developer

BellSouth Mobility
Atlanta, GA

- Developed a touch-screen multimedia marketing application for cellular phone services and products

1990 -
1991**Graduate Research Associate**

Department of Educational Policy and Leadership
The Ohio State University
Columbus, OH

- Installed and managed the IBM-ICLAS/Novell LAN for the Instructional Design and Technology group

1990

Intern, Software Designer and Programmer

IBM Educational Systems Division
Atlanta, GA

- Developed a LAN based multimedia archive system
- Co-developed a host/LAN based multimedia archive system
- Participated in the development of multimedia CD-ROMs

1989 -
1990**Editor, PILOT SIG Newsletter**

Association for the Development of Computer-Based Instructional Systems (ADCIS)

- Edited the newsletter for the PILOT programming language special interest group in ADCIS

1989

OSU Contingent Expedition Leader to Krakatua

The Ohio State University and Oxford University, England
Krakatau Islands, Indonesia

- Lead the Ohio State University contingent of the Oxford/OSU Expedition to the Krakatau Islands to study the recovery of the flora and fauna following the eruption of 1883
- Collected plant specimens for AIDS and cancer research for NIH

1988 -
1990**Graduate Teaching Associate, Mathematics**

Department of Mathematics
The Ohio State University
Columbus, OH

- Recitation leader and instructor for undergraduate mathematics courses

1986 -
1988

Physics and Electronics Teacher

Boys Track Coach
Hanover Public School District
Hanover, PA

- Taught physics and electronics
- Coached boys track team
- Advised the photography club
- Directed the "Student Life" multimedia production

1985 -
1986

Physics Tutor

Department of Physics
Shippensburg University of Pennsylvania
Shippensburg, PA

- Physics tutor for Department of Physics

Summer
1984

Software and Hardware Developer

Computer Based Undergraduate Physics Lab
Department of Physics
Temple University
Philadelphia, PA

- Developed digital interface for experimental apparatus and wrote instructional computer software for undergrad physics lab experiments

Funding

June 2010
August 2011

Healthy Living Exhibit: Mobile Kiosk Using Android Tablets

\$60,000 proposal to Missouri Extension for the development of an exhibit on the topic of healthy living using android tablets. The project involves designing and writing the software, picking a target android tablet, and building a mechanism for securing, transporting and charging the tablets.

Project leader and principal designer and developer.

Aug 2010 -
Aug 2011
(pending)

Growing Information Assurance Research and Education at the University of Missouri

\$203,677 proposal to the US Department of Defense (DOD) for growing an information assurance research and education program at the University of Missouri. The period of the proposed grant is 1 year starting August 2010.
Co-Principal Investigator with William Harrison (PI)

May 2010 -
Aug 2012

Research Experiences for Undergraduates (NSF REU)

National Science Foundation award of \$340,000 for 3 years of summer REU experiences for undergraduate students. Undergraduate students come to MU for a period in the summer where they engage with mentors on CS-related research projects.
Co-Principal Investigator with Wejun Zeng (PI)

Jul 2009 -
Ongoing

MU Information Technology Program

On-going funding of Bachelor of Science in Information Technology program at MU through a memorandum of understanding (MOU) between Provost's Office, College of Engineering, and Computer Science Department. The MOU provides funding that is proportional to the enrollment in the undergraduate IT program. The current funding, based on enrollment, is approximately \$400,000 per year.
Principal architect and author of agreement; director of IT program

Sep 2007 -
June 2009

OAHelp

Awarded \$20,000 for the development, hosting and management of a web-based system and interactive digital media to provide education, counseling and support for people with Osteoarthritis (OA) and to collect research data to evaluate the system, methodologies and materials.
Principal designer and developer

Jul 2005 -
June 2009

InSite

Awarded \$18,000 for the design and development of a web content management system that allows users to edit rich digital media content directly in a web browser.
Principal designer and developer

Sep 2004 -
Present

RAHelp

Awarded \$22,500 for the development, hosting and management of a web-based system, interactive digital media and a DVD to provide education, counseling and support for people with Rheumatoid Arthritis (RA) and to collect research data to evaluate the system, methodologies and materials.

Principal designer and developer

Sep 2003 -
Aug 2004

Web-based Platform for Learning: Webmentoring

Awarded € 21,240 (approx \$20000) to create a web-based platform to support mentoring for the EU Consortium on Webmentoring.

Project leader, principal designer and developer. Project in collaboration with Växjö Universitet, Växjö, Sweden

Sep 2001 -
Sep 2002

Verizon Children's Literacy netWorkspace**Verizon Kids Read!**

Awarded \$90,000 by Verizon for the building an Internet-based environment using the Shadow netWorkspace system to support literacy development for children.

Collaboration with James Laffey

Apr 2001 -
Sep 2002

Shadow netWorkspace eMints Project

Awarded \$250,000 by Morenet, UM System, and MU School of Information Science & Learning Technologies to develop the Shadow netWorkspace system and deploy it for use by eMints schools in Missouri.

Collaboration with James Laffey

Sep 1999 -
Ongoing

Networked Learning Systems

A collaborative proposal of the Colleges of Engineering and Education to the MOGAIA Institute.

Award request: \$380,000 year 1, \$320,000 year 2, \$260,000 year 3 and beyond

Contributing Author

Apr 1999 -
Jun 2000

Information Environment for School Leadership Preparation

Awarded \$78,100 by Educational Leadership & Policy Analysis Department from funding for Cooperative EdD program.

Principal Investigator

Jan 1998 -
Dec 1999

A VBNS Connection for the University of Missouri-Columbia
Awarded \$350,000 by the National Science Foundation.
Contributing Author. Gordon Springer is Principal Investigator

Oct 1998 -
Apr 1999

Information Environment for School Leadership Preparation
Awarded \$20,000 plus benefits by Goals 2000 Grant.
Contributing Author to Goals 2000 Proposal with Jerry Valentine
Principal Investigator, IESLP

Nov 1997 -
Aug 2000

Technology Infrastructure in Teacher Education
Study of technology infrastructure in MU College of Education
Awarded \$800,200 from the National Science Foundation, REPP.
Collaboration with Jim Laffey, Peter Hall, and Peggy Placier

Oct 1997 -
Jun 2000

Supporting Educational Reform at the Jefferson School
Awarded \$77,300 from the SBC Foundation.
Co-Principal Investigator and Co-Author with Jim Laffey

Sep 1997 -
Aug 2001

Program Support for the Center for Technology Innovations in Education
Awarded \$500,000 from the SBC Foundation in a competitive submission.
Co-Principal Investigator and Co-Author with Jim Laffey

Sep 1997 -
Sep 1999

Information Environment for School Leadership Preparation (IESLP)
Awarded \$150,000 by Educational Leadership and Policy Analysis Department from funding for Cooperative EdD program.
Principal Investigator

Jul 1997 -
Jun 1998

Information Environment for School Leadership Preparation (IESLP)
Awarded \$45,000 from University Council of Educational Administrators.
Principal Investigator

Oct 1996 -
Sep 2001

**Challenge Grant for Project Whistlestop
Systemic reform effort**

Awarded \$1,900,000 from the U.S. Department of Education to a School/University/Library consortium in a competitive submission.

Contributing Author

Oct 1995 -
Sep 1998

**Implementation Grant for the NIE MOST
(Missouri Supporting Teachers)**

Electronic support system to promote problem-based learning using a computational science model.

Awarded \$863,865 from NSF in a competitive submission.

Co-Principal Investigator and Co-Author with Jim Laffey

Jun 1995 -
May 1996

**Performance Support of Field-Based Learning
(Interactive Shared Journal System)**

Awarded \$100,000 from Institute for Instructional Development in a competitive submission.

Co-Principal Investigator and Co-Author with Jim Laffey

May 1995 -
May 1996

**Investigation of Internet Applications and Protocols and Using
the Internet to Support Collaboration**

Research Experiences for Undergraduates (REU) Program

Awarded \$10,000 from National Science Foundation as supplement to MORENET grant for NSF Connections to NSF Net.

Principal Author and Co-Investigator. Bill Mitchell from MORENET served as Principal Investigator

Feb 1995 -
May 1995

The Guide to Project-Based Learning in Math and Science

Awarded \$25,000 by Oracle Corporation in a competitive submission.

Co-Principal Investigator and Co-Author with Jim Laffey

Refereed Journal Articles

- Karen L. Smarr, Dale R. Musser, Cheryl L. Shigaki, Rebecca Johnson, Kathleen Donovan Hanson, Chokkalingam Siva. *Telemedicine and e-Health*. March 2011, 17(2): 104-110.
- Shigaki C.L., Smarr K.L., Yang Gong, Donovan-Hanson K., Siva C., Johnson R.A., Ge B., and Musser D.R. (Dec 2008). "Social interactions in an online self-management program for rheumatoid arthritis." *Chronic Illness*. 4 (4), 239-46.
- Laffey, J., Musser, D. (2006). "Shadow netWorkspace: an open source intranet for learning communities." *Canadian Journal of Learning Technology*. 32 (1), 163-176.
- Laffey, J., Musser, D., Remidez, H. & Gottdenker, J. (2003). "Networked systems for schools that learn." *Communications of the Association of Computer Machinery*. 46 (9), 192-200.
- Mayer, C., Musser, D. & Remidez, H. (2001). "Description of a Web-Driven, Problem-Based Learning Environment and Study of the Efficacy of Implementation in Educational Leader Preparation." *Computers in the Schools: the interdisciplinary journal of practice, theory, and applied research*. 18, (1), 249-265.
- Remidez, H., Laffey, J. & Musser, D. (2001). "Open Source and the Diffusion of Teacher Education Software." *Technology and Teacher Education Annual*, 3, 2774-2778.
- Laffey, J. & Musser, D. (1998). "Attitudes of Preservice Teachers about Using Technology in Teaching." *Journal of Technology and Teacher Education*. 6, (4), 223-242.
- Laffey, J. & Musser, D. (1998). "Software and Learning Systems Design for Field-Based Experience." *Journal of Technology and Teacher Education*. 6, (2/3), 193-204.
- Laffey, J., Musser, D. & Tupper T. (1998). "An Internet-based Journal System for Enabling Learning Communities." *Learning Technology Review*. 2, Winter. 4-13.
- Laffey, J. Musser, D. & Tupper T. (1998). "A Computer-Mediated Support System for Project Based Learning." *Educational Technology Research and Development*. 46, (1), 73-86.

Refereed Abstracts

- Smarr, K. L., Musser, D. R., Donovan Hanson, K., Laffey, J. M., Johnson, R. A., Siva, C. & Parker, J. C. (2005). Development of an online self-management intervention for persons with rheumatoid arthritis: The RAHelp.org project [Abstract]. *Arthritis and Rheumatism*, 52, (9), S718.

Refereed Proceedings

- Musser, D., Laffey, J. & Espinosa, L. (2004). "Shadow netWorkspace: A Project Report on an Open Source, Intranet for Learning Communities." In L. Cantoni & C. McLoughlin (Eds.), Proceedings of World Conference on Educational Multimedia, Hypermedia and Telecommunications 2004 (pp. 1206-1213). Chesapeake, VA: AACE.
- Remidez, H., Gottdenker, J., Laffey, J., Musser, D., Hong, R., Espinosa, L. & Amelung, C. (2002). "Networked learning Systems." Proceedings of the Computer Support for Collaborative Learning. (pp. 550-551). Boulder, CO. Lawrence Erlbaum Associates. Hillsdale NJ.
- Remidez, H., Gottdenker, J., Laffey, J., Musser, D., Hong, R., Espinosa, L. & Amelung, C. (2002). "Developing a Shared language for Discussing Networked Learning Systems." Proceedings of the Computer Support for Collaborative Learning. (pp. 697-698). Boulder, CO. Lawrence Erlbaum Associates. Hillsdale NJ.
- Laffey, J., Musser, D., Espinosa, L., Remidez, H., Gottdenker, J., Hong, R. & Amelung, C. (2002). "CSCL for Schools that Learn." Proceedings of the Computer Support for Collaborative Learning. (pp. 111-118). Boulder, CO. Lawrence Erlbaum Associates. Hillsdale NJ.
- Gottdenker, J., Remidez, H., Hong, R., Yoon, S-Y, Amelung, C., Musser, D. & Laffey, J. M.,. (2002). "Introduction to the Shadow netWorkspace." Proceedings of the Computer Support for Collaborative Learning. (pp. 527-528). Boulder, CO. Lawrence Erlbaum Associates. Hillsdale NJ.
- Musser, D. & Laffey, J. (2001). "The Shadow netWorkspace." In C. Montgomerie & J. Viteli (Eds.), Proceedings of World Conference on Educational Multimedia, Hypermedia and Telecommunications 2001 (pp. 1376-1377). Chesapeake, VA: AACE.
- Laffey, J., Musser, D. & Espinosa, L. (2000). "Shadow netWorkspace Learning Systems Project." Proceedings of the International Workshop on Advanced Learning Technologies. (Palmerston North, New Zealand), IEEE Computer Society. 188-189.
- Laffey, J., Musser, D. & Tupper T. (1998). "An Internet-based Journal for Professional Development." Proceedings of AACE World Conference of the Society for Information Technology & Teacher Education.
- Laffey, J., Musser, D. & Wedman, J. (1998). "A Technology Infrastructure for Teacher Education." Proceedings of AACE World Conference of the Society for Information Technology & Teacher Education.
- Laffey, J. & Musser, D. (1996). "Building Internet-based electronic performance support for teaching and learning." Proceedings of AACE World Conference of the Web Society.
- Laffey, J. & Musser, D. (1996). "Supporting Learning from Field Experience in Teacher Education." Proceedings of AACE World Conference on Education Multimedia and Hypermedia.

Hall, K., Musser, D., Lear, G. (1989). "Tools for Developing CBI Research Treatments and Gathering Data." Proceedings of the 31st International ADCIS Conference. 261-266.

Book Chapters

Musser, D., Laffey, J. & Lawrence B. (2000). "Center for Technology Innovations in Education University of Missouri-Columbia." In R. M. Branch & M. A. Fitzgerald (Eds.), Educational Media and Technology Yearbook 2000 Volume 25 (pp. 89-95). ERIC Clearinghouse on Information & Technology and the Association for Educational Communications and Technology. Libraries Unlimited, Inc., Englewood, CO.

Monographs

Musser, D. & Bush, M. (1990). "Plant Sampling for AIDS and Cancer Research." In R. J. Whittaker, N. M. Asquith, M. B. Bush, & T. Patomihardjo (Eds.), Krakatau Research Project 1989 Expedition Report (p. 56). Krakatau Research Project, School of Geography, University of Oxford.

Other Professional Publications

Wedman, J., Laffey, J., Andrews, R., Musser, D., Diggs, L. & Diel, L. (Sept/Oct 1998). "Building Technology Infrastructure and Enterprises: Increasing Performance Capacity." Educational Technology Magazine.

Refereed Papers & Presentations

Smarr, K. L., Johnson, R. A., Laffey, J. M., Musser, D. R., Siva, C., Donovan Hanson, K. & Parker, J. C. (2006, April). Chronic disease management: an online patient-centered collaborative care approach. Presented at the Second Annual Bridging the Quality Gap in Mid-America: Measuring and Promoting Excellence Across the Continuum of Care Conference, Columbia, MO.

- Smarr, K. L., Musser, D. R., Donovan Hanson, K., Laffey, J. M., Johnson, R. A., Siva, C. & Parker, J. C. (2005, November). Development of an online self-management intervention for persons with rheumatoid arthritis: the RAHelp.org project. Presented at the Fortieth Annual Meeting of the Association of Rheumatology Health Professionals, San Diego, CA.
- Laffey, J. M., Smarr, K. L., Donovan Hanson K., Musser, D. R., Johnson, R. A., Burks, K., Hong, R-Y., Kidd, J. K. & Yang, C-C. (2005, June). RAHelp.Org: An online self-management program for adults with rheumatoid arthritis. Paper presented at the Critical Issues in eHealth Research Conference, Bethesda, MD.
- Donovan Hanson, K., Smarr, K. L., Musser, D. R., Laffey, J. M., Johnson, R., Burks, K., Hong, R-Y., Kidd, J. L. & Yang, C-C. (2005, April). RAHelp.org: Development of an innovative self-management program. Paper presented at the Bridging the Quality Gap in Mid-America: Innovation and Improvement in Health Care Delivery conference, Columbia, MO.
- Musser, D. (2003, July). Social Computing and Collaborative Learning Environments. ICALT. Athens, Greece.
- Musser, D. (2002, November). Shadow netWorkspace. ASCEND Network Conference. Växjö, Sweden.
- Musser, D. (2002, October). Internet2 Shadow netWorkspace Demonstration. Internet2 Fall Members Meeting. Los Angeles, CA.
- Musser, D., Laffey, J., Remidez, H., Amelung, C. & Gottdenker J. (2002, April). Shadow netWorkspace: Technology for Learning Community Implementation and Research. Presented at the Annual Conference of the American Education Research Association, New Orleans, LA.
- Musser, D., Peace. L. (2000, April). Internet Schools. Presented at the Annual Conference of the American Education Research Association, New Orleans, LA.
- Mayer, C., Howland, J. & Musser, D. (1999, Oct). Information Environment for School Leadership Preparation: Web-Based Software for Preparing Reflective Educational Leaders. Presented at the WebNet 99 World Conference on the WWW and Internet, Honolulu, HI.
- Musser, D., Laffey, J., Huyler D., Laffey, M. & Trujillo, J. (1999, Oct). A Web-Based Homework Notification System. Presented at the WebNet 99 World Conference on the WWW and Internet, Honolulu, HI.
- Musser, D., Laffey, J. & Tupper T. (1999, Oct). A Web-Based Interactive Shared Journal System. Presented at the WebNet 99 World Conference on the WWW and Internet, Honolulu, HI.
- Laffey, J., Espinosa, L. & Musser D. (1999, June). Technology and Urban, Elementary School Reform. Presented at the ED-MEDIA 1999 World Conference on Educational Multimedia, Hypermedia & Telecommunications, Seattle, WA.

- Laffey, J., Musser, D. & Tupper T. (1998, June). A Technology Infrastructure for Enabling a Learning Community. Presented at the AACE World Conference on Educational Multimedia and Hypermedia and on Educational Telecommunications.
- Laffey, J., Musser, D. & Tupper, T. (1998, June). An Internet-Based Journal System for Learning. Presented at the AACE World Conference on Educational Multimedia and Hypermedia and on Educational Telecommunications.
- Laffey, J. & Musser, D. (1998, February). Building Internet-Based Electronic Performance Support for Teaching and Learning. Presented at the Annual Conference of the AECT, St. Louis, MO.
- Laffey, J., Tupper T. & Musser D. (1998, February). Performance Support for Learners in a Project-Based Curriculum. Presented at the Annual Conference of the AECT, St. Louis, MO.
- Tsikalas, K., McMillan, K., Schlager, M., Musser, D., Hewitt & J., Schank, P. (1997, November 14). On-Line Collaboration: Tools for Teaching and Learning. Presented at TelEd 97, Austin, TX. (<http://tcet.unt.edu/teled/244.htm>)
- Laffey, J., Tupper T. & Musser D. (1997, August). Performance Support for Learners in a Project-Based Curriculum. Poster session presented at the Annual Conference of the International Conference of Human-Computer Interaction, San Francisco, CA.
- Laffey, J. & Musser, D. (1996, March). Designing a Journal System for Learning from Field Experiences in Teacher Education. Paper presented at the Society for Information Technology in Teacher Education Annual Conference. *Was awarded best of conference paper in instructional design category.*
- Laffey, J. & Musser, D. (1996). A Journal System for Field Experience in Teacher Education. Demonstration presented at the Second International Conference on the Learning Sciences, Chicago.
- Musser, D. (1995, February 10). A Multimedia Database Management System for Educators, Students, and Developers. AECT '95 National Convention, Information Technology: Expanding Frontiers, Anaheim, California.
- Hall, K., Musser, D. & Lear, G. (1989). Tools for Developing CBI Research Treatments and Gathering Data. 31st International ADCIS Conference.

Invited Presentations & Workshops

- Musser, D. (2010, April). "Producing and Disseminating Digital Video Learning Materials." 2010 Technoogy! Conference, University of Missouri, Columbia, MO.
- Musser, D. (2009, December). "New Media, Collaboration, Entrepreneurship and Knocking Down Silos." Economic Gardening & New Media, Reynolds Journalism Institute, University of Missouri, Columbia, MO.
- Musser, D. (2009, November). "The IT Program, Collaboration and Entrepreneurship." Mizzou Corporate Roundtable, St Louis, MO.
- Musser, D. & McKean, M. (2009, November). "The IT Program, Journalism, and Collaboration." MU Research & Development Summit, Columbia, MO.
- Musser, D. (2009, November). "The IT Program , Collaboration, and Entrepreneurship." MU College of Engineering Dean's Advisory Council, Columbia, MO.
- Musser, D. (2009, August). "Producing Digital Video Learning Materials." PTAC Directors Meeting, Lake of the Ozarks, MO.
- Musser, D., Thompson, J. (2008, June). "The MU Information Technology Program". St. Louis IT Coalition Presentation Series, University of Missouri-St. Louis, St. Louis, MO.
- Musser, D. (2002, July). Shadow netWorkspace. Växjö Universitet, Växjö, Sweden.
- Musser, D. (2000, April 7). Innovative Internet Learning Environments and the Open Source Movement (Keynote). Converging Technologies: Reaching Learners in the Digital Age. MOREnet Consortium Conference and Educational Technologies at Missouri TeleLearning Conference, Tan Tara, Missouri.
- Musser, D., Jenkins, Y. & Niguidula, D. (1992, October 31). Digital Multimedia Portfolios and Student Assessment -- Tools and Examples. The Fall Forum, Coalition of Essential Schools, Philadelphia, Pennsylvania.
- Musser, D. & Stanton, B. (1992, October, 28). Multimedia Databases: The Electronic Library and Electronic Books. Databases in Schools '92, Chicago, Illinois.

State Presentations & Workshops

- Musser, D. (2002, Sept 26). Shadow netWorkspace. Ed.D. Missouri Statewide Coordinating Committee. University of Missouri, Columbia, MO.
- Musser, D. (1999, March 19). Course Delivery Via the Web: Lessons Learned. Teaching and Learning at a Distance. MOREnet Consortium Conference & DLDC TeleLearning Conference, Tan Tara, Missouri.
- Musser, D. & Guthrie, D. (1995, April 3). Developing Multimedia Software (workshop). Highways to Learning...Enjoy the Journey. Missouri Association of School Librarians (MASL), Tan Tara, Missouri.
- Musser, D. (1994, October 24). Technology Update for "Low Tech'ers". Trendicators for Administrators. Missouri Council of Vocational Administrators (MCVA), Tan Tara, Missouri.
- Musser, D. (1994, October 3). A Multimedia Database Management System for Use in K-12 Education. SUPERHIGHWAYS: The Educational Technology Journey. Missouri ED-TECH Fifth Annual Technology Conference, Tan Tara, Missouri.
- Musser, D. (1994, October 3). A System for Creating and Managing Digital Multimedia Student Portfolios. SUPERHIGHWAYS: The Educational Technology Journey. Missouri ED-TECH Fifth Annual Technology Conference, Tan Tara, Missouri.

Local Presentations

- Musser, D. (2009, Mar 17). "Developing Windows Desktop Applications, XBAPs, and Silverlight RIAs Using WPF, XAML, .NET and C#". Computer Science Department 2008-2009 Seminar Series, University of Missouri, Columbia, MO.
- Musser, D. (2009, Jan 8). HD Film Production Using the Canon 5D Mark II. Columbia Media Resource Association (CMRA), Ragtag Film, Columbia, MO.
- Musser, D. (1996, July 29). The Interactive Shared Journal System. UMC Medical Infomatics Group, Columbia, MO.
- Musser, D. (1995, April 5). Multimedia Database Management Systems. UMC Medical Infomatics Group, Columbia, MO.
- Laffey, J., Musser D. & Wedman J. (1995, March 3). Performance Support for Teaching and Learning. UMC Fifth Annual Teaching Renewal, Columbia, MO.

Creative Works

- Musser, D. (2006-present). InSite [Computer Program]. Greensboro, NC: Eyebits Studios.
- Musser, D. (2005). Good Moves for EveryBody [Video DVD]. Columbia, MO: University of Missouri-Columbia.
- Musser, D. (2004-present). RAHelp [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D. (2004-present). Robot Haven: a refuge for Robots [Web Site]. Greensboro, NC: Eyebits Studios.
- Musser, D. (2003-present). OSXPASS [Computer Program]. Greensboro, NC: Eyebits Studios.
- Musser, D. (2003-2004). Webmentor [Computer Program]. Greensboro, NC: Eyebits Studios.
- Musser, D. (2002-2003). Verizon Children's Literacy netWorkspace: Verizon Kids Read! [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D., Laffey, J. & CTIE Development Team (1999-2003). The Shadow netWorkspace (Internet Schools Project) [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D. (1998-2001). Homework Notifier [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D. & CTIE Development Team (1997-2000). Information Environment for School Leadership Preparation (IESLP) [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D. & Guthrie D. (1995). Downlinks for Learning Session IV: Multimedia [Video]. Columbia, MO: University of Missouri-Columbia.
- Musser, D., Laffey, J. & CTIE Development Team (1995-1998). The Interactive Shared Journal System (ISJS) [Computer Program]. Columbia, MO: University of Missouri-Columbia.
- Musser, D., Laffey J. & CTIE Development Team (1995). The Guide to Project-Based Learning in Math and Science [Multimedia Software]. Columbia, MO: University of Missouri-Columbia.
- Musser, D., Perry L. & Perry T. (1994). The Trek: An Interactive Literature Adventure [Computer Program Design]. Atlanta, GA: IBM EduQuest.
- Musser, D. (Director and Designer) & IBM Corp. (1994). Magic Canvas! [Computer Program]. Atlanta, GA: IBM EduQuest.

- Musser, D. (Programming and Technology Development) & IBM Corp. (1994). Shadowboxes: A Story of the ABC's (for Windows) [Computer Program]. Atlanta, GA: IBM Multimedia Publishing Studio.
- Musser, D. (Programming and Technology Development) & IBM Corp. (1994). Shadowboxes: A Story of the ABC's (for Macintosh) [Computer Program]. Atlanta, GA: IBM Multimedia Publishing Studio.
- Musser, D. (Programming and Technology Development), IBM Corp. & Warner New Media (1993). Seven Days in August (for DOS) [Computer Program]. Atlanta, GA: IBM Multimedia Publishing Studio.
- Musser, D. Causey J. & Duke B. (1993). SEGA Digital Video and Animation System [Computer Program]. Atlanta, GA: IBM EduQuest.
- Musser, D., Kheriaty, L. & Causey J. (1993). SEGALink [Computer Language]. Atlanta, GA: IBM EduQuest.
- Westwater, R. & Musser, D. (1992). Digital Video Interactive Audio/Video Kernal (AVK) for DOS/Link-Way Live! - release 2 [Computer Program]. Atlanta, GA: IBM EduQuest.
- Musser, D. (1992). Multimedia Archive Explorer (MAX) [Computer Software System]. Atlanta, GA: IBM EduQuest.
- Musser, D. (1992). Automatic Folder Creator (AFC) [Computer Program]. Atlanta, GA: IBM EduQuest.
- Musser, D. (1991). Network Voice Mail System for K-12 Schools [Computer Software System]. Atlanta, GA: IBM EduQuest.
- Musser, D. (1991). BellSouth Mobility Cellular Phone Multimedia Kiosk [Computer Program]. Atlanta, GA: BellSouth Mobility.
- Musser, D. (1990). National Educational Multimedia Archive (NEMA) [Computer Software System]. Atlanta, GA: IBM Educational Systems Division.
- Musser, D. (1989). Textcad [Computer Program]. Columbus, OH: The Ohio State University.

International Experience

June - July
2003

Växjö Universitet, Växjö, Sweden

Instructor for Developing Multimedia Mobile Applications

July
2002

Berlin, Germany

Demonstration of Shadow netWorkspace to faculty from Institut für die Pädagogik der Naturwissenschaften, Kiel, Deutschland

June - July
2002

Växjö Universitet, Växjö, Sweden

Instructor for Digital Game and Learning Environment Development

June - July
2001

Goethe Institute, Munich, Germany

German Language Learning

June
1995

Moscow, Russia

Received training in and flew L39 and MiG29 jet aircraft

June - Aug
1989

Krakatau and Java, Indonesia

Oxford/OSU Expedition to the Krakatau Islands

Advising

Feb 2008 -
May 2010

Matthew Dickinson

Received Masters Degree in Computer Science

May 2010 -
Present

Matthew Dickinson

Pursuing PhD in Computer Science

Passed Qualifying Exam

Service

2010 - 2011

- Director of Information Technology Program.
- Manager of IT infrastructure for CS department.
- Involved in College of Engineering technology infrastructure.
- Working with College of Engineering on the creation of an Engineering Technology program.
- Built digital video production and distribution studio in 105 EBW.
- Maintained CS/IT Macintosh lab in C1212 Engineering Building East.
- Maintained AT&T Media Lab in Engineering Building West.
- Implemented a collaborative project management system for select CS and IT courses.
- Produced Materials for CS and IT for "Let Your Major Be Your Guide" published by Tigertech.
- Arranged and attended marketing events for IT and CS programs at MU and around state of MO.
- Set up CS/IT booth at College of Engineering MEAN Event in St Louis.
- Worked with Tim Hausman and JR Swanegan on implementing the KCIT program.
- Working with Cerner and KC Metropolitan Community College to develop a pipeline for preparing workers in the areas of information technology and computer science.
- Extended Cerner and MCC partnership to two year colleges across the state of Missouri.
- Working with College of Engineering to develop distance learning programs and materials.
- Developed and maintained web application for running the MU iLife competition; participated in iLife planning meetings.
- Served as a mentor for an MU iiFund project.
- Continued working with Columbia, MO economic development organizations; Project Tiger/IBM in Columbia.
- Worked with Chris Kelly in MU Development to support campus funding and development efforts.
- Created and managed Engineering Week exhibit.
- Setup a social networking site for the IT program at <http://itprogram.missouri.edu>.

2009 - 2010

- Director of Information Technology Program.
- Secured proportional funding for Information Technology Program.
- Manager of IT infrastructure for CS department.
- Involved in College of Engineering technology infrastructure.
- Built CS/IT Macintosh lab in C1212 Engineering Building East.
- Built Digital Materials Development Lab in side room of C1212.
- Performed complete replacement of technology in the EBW Media Lab.
- Updated and added to technology in the CS conference room.
- Implemented a collaborative project management system for select CS and IT courses.
- Managed creation of high-speed network between EBW Media Lab and Data Center.
- Managed creation of a multi-terabyte data store for CS/IT infrastructure.
- Produced Materials for CS and IT for "Let Your Major Be Your Guide" published by Tigertech.
- Arranged and attended marketing events for IT and CS programs at MU and around state of MO.
- Participated on MU High School Weekend Professor Panel, October 16, 2009.
- Set up CS/IT booth at College of Engineering MEAN Events in St Louis and Kansas City.
- Working with Cerner, KC Metropolitan Community College, and High Schools in Kansas City to develop a pipeline for preparing workers in the areas of information technology and computer science.
- Working with College of Engineering to develop distance learning programs and materials.
- Developed and maintained web application for running the MU iLife competition; participated in iLife planning meetings.
- GoMizzou Project: leading the development of applications for the iPhone and other mobile applications to support the MU campus community.
- Developed and maintained web site for MU iiFund project.
- Working with Columbia, MO economic development organizations; Project Tiger proposal (Spring 2010).
- Worked with Chris Kelly and Jeremy Diener in MU Development to support campus funding and development efforts.
- Worked with Tim Hausman and Greg Cecil on College of Engineering development efforts.
- Worked with Tim Hausman and JR Swanegan on implementing the KCIT program.
- Made presentation at MU Technology conference.

2009 - 2010
(continued)

- MU Information Technology Committee (voting member).
- ITC Technology Evaluation Subcommittee (member).
- College of Engineering Undergraduate Student Lab Committee (member).
- Computer Science Department Equipment Committee (chair).
- Computer Science Department Information Technology Program Committee (chair).
- iiFund Committee (voting member).
- Hearst/Adobe Contest, collaboration with Journalism, CS/IT leader.
- Hearst/Adobe Contest, mentor to iTV team.
- FilmTech Project (Technical Director).
- Working with Bill Densmore and Rhonda Wilson (MO PTAC) on production of learning materials.
- Working with College of Education (John Wedman and Gary Westergren) on remote site educational opportunities.

2008-2009

- Director of Information Technology Program
- Secured proportional funding for Information Technology Program
- Arranged presentations by CNN and Turner Broadcasting Fall 2008
- Arranged and attended marketing events for IT and CS programs at MU and around state of MO
- Attended Cerner Summit, Cerner in Kansas City, MO (Aug 7-8, 2008)
- Attended Monsanto Multi-school Event, St. Louis, MO (Sep, 26, 2008)
- Gateway to Innovation Conference, IT Program awards (April 2008 and April 2009)
- Developed and maintained web application for running the MU iLife competition
- Developing web site and web applications for MO Film Commission
- Developed web site for MU IIFund project
- Participated in IT Focus Group to define IT worker knowledge and skills for MO Department of Economic Development, UMSL (Oct 16, 2008)
- Working with Columbia, MO Economic Development, IBM proposal (Fall 2008), Data Center proposal (Spring 2009)
- Presentation to Columbia Media Resource Alliance (CMRA) about HD film production using the Canon 5D Mark II (Jan 8, 2009)
- C#, .NET, WPF CS department seminar presentation (Mar 17, 2009)
- Mizzou Scholars Interviewer (Mar 7, 2009)
- MU Information Technology Committee (voting member)
- College of Engineering Undergraduate Student Lab Committee (member)
- Computer Science Department Equipment Committee (chair)
- Computer Science Department Information Technology Program Committee (co-chair with Jeff Uhlmann)

- 2008 - 2009
(continued)
 - iiFund Committee (voting member)
 - iPhone Contest, collaboration with Journalism, CS/IT leader
 - FilmTech Project (Technical Director)
 - International Program (China Program) financial planning

- 2006 - 2008
 - Tarboro High School (THS) Technology Infrastructure Support
 - System Administrator for PLATO at THS
 - Advisor for THS Robotics Club
 - Member of THS School Improvement Team

- 2002 - 2003
 - Program Committee Member for Second IEEE International Workshop on Wireless and Mobile Technologies in Education (WMTE 2003) - December 8-10, 2003 National Central University, JungLi, Taiwan
 - College of Education Shadow netWorkspace implementation
 - Shadow netWorkspace training sessions at University of Missouri
 - Development of ZONE and Digital Media courses
 - Lead for Network Learning Systems Masters in Educational Technology
 - Support for MU Campus Climate Survey – data collection and analysis
 - Chair of faculty search committee for Digital Media faculty position

- 2001 - 2002
 - Development of web survey technology and implementation of phases 1-4 of the MU Campus Climate Survey
 - Re-implementation of Planet Innovation tools
 - CTIE Space Renovations
 - COE Technology Infrastructure

- 2000 - 2001
 - COE Technology Infrastructure
 - CTIE Space Renovations

- 1999 - 2000
 - 2000 CTIE Teacher Technology Innovation Award selection committee member
 - International Program Committee for IASTED Conferences

- 1998 - 1999
 - International Program Committee for the IASTED International Conference on Computers and Advanced Technology in Education (CATE'99) to be held May 5-8, 1999 in Philadelphia, Pennsylvania
 - Co-Director, Center for Technology Innovations in Education
 - 1999 CTIE Teacher Technology Innovation Award selection committee member
 - Non-committee participation in selection of IR/IT faculty candidates

1997 - 1998

- Co-Director, Center for Technology Innovations in Education
- Managed Operations of Center for Technology Innovations in Education
- Committee Member of the MU Computer Policy and Strategy Committee
- Participated in the Development of the MU College of Education Technology Infrastructure
- Managed Internet and Server Services for MU College of Education
- Building Coordinator for London Hall
- Worked with Reporters on the Writing of Newspaper and Magazine Articles on COE Technology Infrastructure and CTIE
- Developed Multimedia/Video Presentation for MU COE Alumni Awards Banquet

1996 - 1997

- Co-Director, Center for Technology Innovations in Education
- Managed Operations of Center for Technology Innovations in Education
- Managed and Designed Renovation of CTIE Space in London Hall
- Developed, Implemented, and Managed COE Mobile Laptop Computer Laboratory
- Participated in Deployment of Interactive Shared Journal System in MU COE
- Managed Internet and Server Services for MU COE
- Wrote and Co-Wrote Position and Vision Statements for Dean's Office
- Presented Technology Use in Education Position Paper (Authored by Jim Laffey) to State Representative Stephen Stoll
- Represented CTIE and COE Technology Infrastructure at ASUM Lobby Day in Missouri State Capital
- Worked with Reporters on the Writing of Newspaper and Magazine Articles on the Use and Development of Technology in the COE
- Member of Human Subjects Review Committee for Curriculum and Instruction

Awards

Fall
2010

Computer Science Department Faculty Award

Selected by graduation CS and IT Seniors

Spring
2010

College of Engineering Faculty Fellowship

Renewable/reviewable faculty fellowship awarded by the Dean of Engineering

Fall
2009

Excellence in Teaching with Technology Award, Undergraduates

MU 2009 Faculty Recognition Awards

Spring
2009

CS/IT Program Outreach Award

Presented for the promotion of the computer science and information technology programs and the field of engineering to K-12 students

Fall
1998

High Flyer Award

Excellence in the Scholarship of Teaching
MU College of Education

Summer
1998

High Flyer Award

Excellence in the Scholarship of Teaching
MU College of Education

Academic
Year
1997 - 1998

High Flyer Award

Excellence in the Scholarship of Teaching
MU College of Education

Academic
Year
1994 - 1995

High Flyer Award

Excellence in the Scholarship of Teaching
MU College of Education

April 20
1998

Citation of Merit for Outstanding Achievement

Excellence in Education Awards, MU Division of Student Affairs

1987

Sallie Mae Foundation First Year Teacher Award



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE

FROM: BOB CAREY, DIRECTOR, FEDERAL VOTING ASSISTANCE PROGRAM

SUBJECT: State of California Grant Award recommendations under BAA H98210-BAA-11-
0001

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommended that the state of California be part of the Phase I grant award.

During the pre-grant award negotiation call on October 3, 2011 with the State of California, FVAP staff and you, additional information regarding the grant's technical approach caused FVAP reassess the technical capability of a key component of the proposal.

FVAP staff and you conducted an additional pre-grant award negotiation call with the State of California on November 18, 2011. During that call, VFAP staff was able to substantiate the technical capability of the State of California's proposal.

Therefore, once Phase II grant awards are complete, based upon the re-examined finding of the technical evaluation and cost benefit analysis, I recommend the following grant award:

Recommended Grantee	Amount Requested
State of California	\$468,522.00



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

chris.maio@sos.ca.gov

Mr. Chris Maio
Chief, Information Technology Division
Secretary of State's Office
1500 11th Street
Sacramento, CA 95814-2600

Dear Mr. Maio:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 03 October 2011. The scheduled time to commence is at 2:00 PM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions regarding terms and conditions of the proposed grant and additional information required will be undertaken as discussions progress.

Discussion Issues:

1. In Section M on Page 16 of the technical proposal, you state that:
Parallel Request to EAC to use HAVA funds for the COVR Project
The SOS has submitted a letter to the Election Assistance Commission (EAC) requesting permission to use existing HAVA section 251(b)(2) minimum requirements payment (MRP) program funds already distributed to the SOS for the purpose of creating online voter registration for California. HAVA MRP funding is currently designated for other uses; however, if no FVAP

funding is provided for the COVR Project, the SOS will likely pursue the option of using HAVA MRP funding next year or in the coming years to create online voter registration for California. The EAC has not yet responded to the SOS's request letter.

- What is the status of that request?
- If HAVA funding is made available following the award of this grant, would California repay this grant?
- Is that funding more suitable to be partially funded by HAVA funds for the general population and FVAP funding could be used solely for the UOCAVA research?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 03/12/2013.

DUNS: 360741904

DUNS PLUS4:

CAGE/NCAGE: 65T43

Legal Business Name: CALIFORNIA SECRETARY OF STATE

Doing Business As (DBA):

Division Name: MANAGEMENT SERVICES

Division Number: ACCOUNTING

Company URL:

Physical Street Address 1: 1500 11TH ST

Physical Street Address 2:

Physical City: SACRAMENTO

Physical State: CA

Physical Foreign Province:

Physical Zip/Postal Code: 95814-5701

Physical Country: USA

Mailing Name: CALIFORNIA SECRETARY OF STATE

Mailing Street Address 1: 1500 11TH STREET

Mailing Street Address 2:

Mailing City: SACRAMENTO

Mailing State: CA

Mailing Foreign Province:

Mailing Zip/Postal Code: 95814-5701

Mailing Country: USA

Business Start Date: 05/07/1879

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: CALIFORNIA SECRETARY OF STATE

Address Line 1: 1500 11TH STREET

Address Line 2:

City: SACRAMENTO

Government Business Alternate POC

Name: CALIFORNIA SECRETARY OF STATE

Address Line 1: 1500 11 STREET

Address Line 2:

City: SACRAMENTO

State: CA
Foreign Province:
Zip/Postal Code: 95814-5701
Country: USA
U.S. Phone: 916-653-9445
Non-U.S. Phone:
Fax: 916-653-8544

State: CA
Foreign Province:
Zip/Postal Code: 95814-5701
Country: USA
U.S. Phone: 916-653-4894
Non-U.S. Phone:
Fax: 916-653-8544

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: CALIFORNIA SECRETARY OF STATE
Address Line 1: 1500 11TH STREET ROOM 465
Address Line 2:
City: SACRAMENTO
State: CA
Foreign Province:
Zip/Postal Code: 95814-5701
Country: USA
U.S. Phone: 916-657-2376
Non-U.S. Phone:
Fax: 916-653-8544

Electronic Business Alternate POC

Name: CALIFORNIA SECRETARY OF STATE
Address Line 1: 1500 11 STREET ROOM 465
Address Line 2:
City: SACRAMENTO
State: CA
Foreign Province:
Zip/Postal Code: 95814-5701
Country: USA
U.S. Phone: 916-653-9445
Non-U.S. Phone:
Fax: 916-653-8544

**Electronic Absentee Systems for Elections****EASE Grants**

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION**Authorization (040):**

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDAA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C. 2358.

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)**Applicant Eligibility (081):**

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372.

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133, none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151):

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063, Washington District of Columbia 20301 Email,

Kortnee.stewart@whs.mil Phone: (703) 696-2481 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Lathrop 700 East Roth Road, Bldg 330 French Camp, CA 95231-0232		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT California Secretary of State 1500 11 th Street Sacramento, CA 95814-5701 POC: Mrs. Debbie O'Donoghue (916) 653-6173	4a. AWARD NUMBER H98210-12-1-0026	5a. FACE VALUE \$468,522.00	
	4b. AWARD DATE 06 January 2012	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016	

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 05 JAN 2017
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

California Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Technical Oversight

Prefix: Mr.

* First Name: Chris

Middle Name:

* Last Name: Maio

Suffix:

Title: Chief, Information Technology Division

Organizational Affiliation:

California Secretary of State

* Street1: 1500 - 11th Street

Street2:

* City: Sacramento

County: Sacramento

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95814-2600

* Telephone Number: (916) 653-7835

Fax: (916) 653-2151

* Email: chris.maio@sos.ca.gov

Key Contacts Form

* Applicant Organization Name:

California Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Oversight

Prefix: Mrs.

* First Name: Debbie

Middle Name:

* Last Name: O'Donoghue

Suffix:

Title: Deputy SOS, Voter Education and Outreach

Organizational Affiliation:

California Secretary of State

* Street1: 1500 - 11th Street

Street2:

* City: Sacramento

County: Sacramento

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95814-2600

* Telephone Number: (916) 653-6173

Fax: (916) 653-4620

* Email: debbie.odonoghue@sos.ca.gov

Key Contacts Form

* Applicant Organization Name:

California Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 3 Project Role: Project and Fiscal Oversight

Prefix: Ms.

* First Name: Janice

Middle Name:

* Last Name: Lumsden

Suffix:

Title: Deputy Secretary of State, Operations

Organizational Affiliation:

California Secretary of State

* Street1: 1500 - 11th Street

Street2:

* City: Sacramento

County: Sacramento

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95814-2600

* Telephone Number: (916) 653-2328

Fax: (916) 653-4795

* Email: janice.lumsden@sos.ca.gov

Key Contacts Form

* Applicant Organization Name:

California Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 4 Project Role: Fiscal Oversight

Prefix: Ms.

* First Name: Dora

Middle Name:

* Last Name: Mejia

Suffix:

Title: Chief, Management Services Division

Organizational Affiliation:

California Secretary of State

* Street1: 1500 - 11th Street

Street2:

* City: Sacramento

County: Sacramento

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95814-2600

* Telephone Number: (916) 653-1471

Fax: (916) 653-8544

* Email: dora.mejia@sos.ca.gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/>
		* Other (Specify): <input type="text"/>

* 3. Date Received: <input type="text" value="07/06/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="1500 - 11th Street"/>
Street2:	<input type="text" value="6th Floor"/>
* City:	<input type="text" value="Sacramento"/>
County/Parish:	<input type="text" value="Sacramento"/>
* State:	<input type="text" value="CA: California"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="95814-2600"/>

e. Organizational Unit:

Department Name: <input type="text" value="Secretary of State"/>	Division Name: <input type="text" value="Administration Division"/>
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mrs."/>	* First Name: <input type="text" value="Debbie"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="O'Donoghue"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="(916) 653-6173"/>	Fax Number: <input type="text" value="(916) 653-4620"/>
---	---

* Email:

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

12. Funding Opportunity Number:

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

15. Descriptive Title of Applicant's Project:

California Online Voter Registration (COVR) Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="468,522.20"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="468,522.20"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

- Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised					
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)				
1. California Secretary of State Tasks	12.217	\$		\$		\$	153,738.20	\$	
2. Sub-Recipient California Department of Motor Vehicles	12.217					314,784.00			
3.									
4.									
5. Totals		\$		\$		468,522.20		\$	

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	California Secretary of State Tasks	Sub-Recipient California Department of Motor Vehicles		
a. Personnel	\$ 64,901.30	\$ 69,345.00	\$	\$
b. Fringe Benefits	26,609.53	34,021.00		
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual		132,000.00		
g. Construction				
h. Other		57,835.00		
i. Total Direct Charges (sum of 6a-6h)	91,510.83	293,201.00		
j. Indirect Charges	62,227.37	21,583.00		
k. TOTALS (sum of 6i and 6j)	\$ 153,738.20	\$ 314,784.00	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="468,522.20"/>	\$ <input type="text" value="234,261.10"/>	\$ <input type="text" value="234,261.10"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="468,522.20"/>	\$ <input type="text" value="234,261.10"/>	\$ <input type="text" value="234,261.10"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. Electronic Absentee System for Elections (EASE) Grant	\$ <input type="text" value="468,522.20"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="468,522.20"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text" value="384,712"/>	22. Indirect Charges: <input type="text" value="83,810"/>
--	---

23. Remarks:

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

06 January 2012

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0026

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

5 JAN 2012

ENCLOSURE

Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0026.

(NAME)

(SIGNATURE)

(DATE)



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa, FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0026 with the California Secretary of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1341-0002-000 (dated 08 November 2011) was received in the amount of **\$468,522.00** to provide for full funding of the Grant. The Recipient agreed to a reduction of **\$0.20**, as the FVAP Budget Office did not provide for the additional funding of **\$0.20**. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP's Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient's Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government's discussion issues.

TAB A9 – The Recipient was provided the Government's issues in advance of the discussion session. Discussions were held via telephone conference call on 02 November 2011. FVAP raised several issues with regard to the Recipient's Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date changed to 06 January 2012, due to delays in agreement of the Parties to the Data Point Collection Reporting Requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 22 December 2011, the Recipient agreed to the Data Point Collection Report Requirements, and has submitted all required supplemental information and documentation. The Recipient's proposal is not subject to FVAP's supplemental requirement for clarification of the use of Federal Funds for electronic submission of ballots.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION 3 - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 134,246.30	\$ -	\$ 134,246.30
Fringe Benefits	\$ 60,630.53	\$ -	\$ 60,630.53
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 132,000.00	\$ -	\$ 132,000.00
Construction	\$ -	\$ -	\$ -
Other	\$ 57,835.00	\$ -	\$ 57,835.00
Total Direct Charges	\$ 384,711.83	\$ -	\$ 384,711.83
Indirect Charges	\$ 83,810.37	\$ -	\$ 83,810.37
TOTALS	\$ 468,522.20	\$ -	\$ 468,522.20
Program Income	\$ -	\$ -	\$ -

Revised Accepted Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
BUDGET CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ 134,246.30	34.90%
Fringe Benefits	\$ 60,630.53	15.76%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 132,000.00	28.17%
Construction	\$ -	0.00%
Other	\$ 57,835.00	15.03%
Total Direct Charges	\$ 384,711.83	
Indirect Charges	\$ 83,810.37	
TOTAL - YEAR 1	\$ 468,522.20	

The Recipient agreed to a total award value of \$468,522.00. The time and cost to the Federal Government for processing an amended Purchase Request for \$0.20 would not be in the best interest of the Government.

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has proposed a provisional indirect cost rate, in accordance with its Indirect Cost Rate Proposal – negotiated with the U.S. Election Assistance Commission. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient’s budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient’s annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 “*Audits of States, Local Governments and Non-Profit Organizations*”. The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Lathrop will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient’s budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 02 June 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 -- Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that H98210-12-1-0026 with the California Secretary of State in the amount of \$468,522.00 be approved in its final form.

DATE: 29 December 2011

(b) (6)

ROBERT  LAVELLE
Grants Officer



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

Acceptance between California Office of the Secretary of State and the U.S. Election Assistance Commission of a Provisional Indirect Cost Rate of 68% of Direct Personal Services for the period from July 1, 2010 to June 30, 2011.

Listed below are the acceptors of this agreement.

By the State Agency:

(b) (6)

(Signature)

Dora Mejia

(Name)

Chief, Management Services Division

(Title)

CA Secretary of State

(Agency)

March 24, 2011

(Date)

By Federal Agency:

(b) (6)

(Signature)

Thomas R. Wilkey

(Name)

Executive Director

(Title)

U.S. Election Assistance Commission

(Agency)

3/23/2011

(Date)

MEMORANDUM

To: William Davidson
Budget Officer
Administration Services Division
Budget and Fiscal Analysis Office
Department of Motor Vehicles
2415 First Avenue, MS E111
Sacramento, CA 95818

Date: January 28, 2009

From: Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Subject: 2009/2010 Indirect Cost Rate Proposal (ICRP)

We have reviewed your attached 2009/2010 Indirect Cost Rate Proposal (ICRP) and related State Department of Finance approval letter.

The cost elements included and method of allocating these costs to Federal programs appear to be consistent and reasonable.

Accordingly, the maximum provisional rate of 20.88% is acceptable for reimbursement. However, please be advised that this provisional rate remains subject to audit confirmation or adjustment by the Federal funding authorities at their option.

If there are any questions, please contact Debbie Hrepich, Associate Accounting Analyst, at (916) 509-3049 or e-mail at dhrepich@ots.ca.gov.

(b) (6)

CHRISTOPHER J. MURPHY
Director

DH:ag

Attachments

cc: OTS AAA



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3705 ■ WWW.DOF.CA.GOV

January 7, 2009

Bill Davidson
Department of Motor Vehicles
Cost Accounting/Forecasting Section
2415 First Avenue F125
Sacramento, CA 95818

Dear Mr. Davidson:

Indirect Cost Rate Proposal 2009-2010

We have reviewed your 2009-2010 Indirect Cost Rate Proposal (ICRP). The cost elements included and method of allocating these costs to your programs appear to be consistent with ASMB C-10, "Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government".

Once a rate agreement between your department and your federal cognizant agency has been negotiated, please send us a copy of the signed agreement.

Finance provides a variety of information on topics such as Pro Rata, SWCAP, and ICRPs at our website: <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>.

If you have any questions, please contact me by phone 445-3434, extension 2139 or e-mail fiproswcap@dof.ca.gov.

Sincerely,

(b) (6)

Natalie Villanueva
Staff Administrative Analyst
Fiscal Systems and Consulting Unit

cc: Kathryn Amann, Business Transportation and Housing, Department of Finance

Chris Maio
California Secretary of State
Information Technology Division

4/1/2009 to Present
Chief

Responsible for division level management of all staff and administrative processes including division budgeting, formulation of information technology strategies, and management of the most critical and complex information technology and application development projects for the department. Serves as key policy advisor for automation issues and participates in the development of overall departmental policies. Provides executive level consultation to each division of the department to address their automation needs and provides technical liaison services to other governmental agencies.

8/1/2007 to 3/31/2009
Data Processing Manager III

Responsible for section level planning, organizing and directing of all activities for the ITD Infrastructure section including the help desk, telecommunications, data guidance, Unix, Windows, security and network administration units. These units directly support approximately 600 staff operating in 2 facilities as well as management of the 58 county WAN for voter registration and elections processing.

5/8/2006 to 7/31/2007
Senior Information Systems Analyst Supervisor

Responsible for unit level planning, organizing and directing all activities for the ITD help desk, telecommunications and data guidance units. These units support approximately 600 staff operating in 2 facilities. Management of all staff administrative processes, unit budgeting, and hardware and software refresh cycles for the department. Provided advanced technical consultative services on the most complex system designs and projects.

Department of Consumer Affairs
Office of Information Services

1/1/2002 to 5/7/2006
Senior Information Systems Analyst Supervisor

Responsible for unit level planning, budgeting, directing and organizing all activities associated with a PC Support unit composed of 10 staff ranging from Assistant Information Systems Analyst to Systems Software Specialist I levels and a Lotus Notes Administration unit composed of 3 staff ranging from Associate Information Systems Analyst to Staff Information Systems Analyst levels. The units supported approximately 2,500 users in 35 facilities statewide. Management of all staff administrative processes including recruitment, hiring, training, managing attendance, travel, and taking action to correct performance deficiencies.

Provided advanced technical consultative services to other OIS technical staff on the most complex systems, designs, projects and implementation strategies including the relocation of the department's headquarters and the implementation of a voice over IP telephone system. Provided advanced technical assistance to the DCA Information Security Officer, internal affairs investigators and attorneys including the forensic seizure and examination of PCs, searches of e-mail and network file servers for sensitive and confidential personnel matters, report writing and testimony.

Chris Maio
California Secretary of State
Information Technology Division

4/1/2009 to Present
Chief

Responsible for division level management of all staff and administrative processes including division budgeting, formulation of information technology strategies, and management of the most critical and complex information technology and application development projects for the department. Serves as key policy advisor for automation issues and participates in the development of overall departmental policies. Provides executive level consultation to each division of the department to address their automation needs and provides technical liaison services to other governmental agencies.

8/1/2007 to 3/31/2009
Data Processing Manager III

Responsible for section level planning, organizing and directing of all activities for the ITD Infrastructure section including the help desk, telecommunications, data guidance, Unix, Windows, security and network administration units. These units directly support approximately 600 staff operating in 2 facilities as well as management of the 58 county WAN for voter registration and elections processing.

5/8/2006 to 7/31/2007
Senior Information Systems Analyst Supervisor

Responsible for unit level planning, organizing and directing all activities for the ITD help desk, telecommunications and data guidance units. These units support approximately 600 staff operating in 2 facilities. Management of all staff administrative processes, unit budgeting, and hardware and software refresh cycles for the department. Provided advanced technical consultative services on the most complex system designs and projects

Department of Consumer Affairs
Office of Information Services

1/1/2002 to 5/7/2006
Senior Information Systems Analyst Supervisor

Responsible for unit level planning, budgeting, directing and organizing all activities associated with a PC Support unit composed of 10 staff ranging from Assistant Information Systems Analyst to Systems Software Specialist I levels and a Lotus Notes Administration unit composed of 3 staff ranging from Associate Information Systems Analyst to Staff Information Systems Analyst levels. The units supported approximately 2,500 users in 35 facilities statewide. Management of all staff administrative processes including recruitment, hiring, training, managing attendance, travel, and taking action to correct performance deficiencies.

Provided advanced technical consultative services to other OIS technical staff on the most complex systems, designs, projects and implementation strategies including the relocation of the department's headquarters and the implementation of a voice over IP telephone system. Provided advanced technical assistance to the DCA Information Security Officer, internal affairs investigators and attorneys including the forensic seizure and examination of PCs, searches of e-mail and network file servers for sensitive and confidential personnel matters, report writing and testimony.

4/1/1999 to 12/31/2001

Systems Software Specialist I

Served as the technical lead over the PC Support unit during the Y2K remediation of the department's 2,500 PCs. Lead teams of technicians and contract staff at field office and headquarters locations, compiled statistics in accordance with DOIIT mandates, and reported to management on the progress of the project. Consulted customers on their purchases of PCs, peripherals, and software by examining their needs and providing them with detailed system specifications. Used network and protocol analyzers to troubleshoot and diagnose the most complex network problems. Provided technical assistance in the administration of the Lotus Notes servers by assisting with version upgrades, daily administrative tasks and troubleshooting and diagnosis of the most complex problems.

9/1/1997 to 3/31/1999

Associate Information Systems Analyst

Responsible for network administration, establishing network security procedures, building and maintaining complex tape backup systems, building Netware file servers and Windows NT/Lotus Notes mail servers, configuring SMTP gateways and other email routers.

Department of Consumer Affairs

Board of Pharmacy

9/1/1993 to 9/31/1997

Management Services Technician, Staff Services Analyst, Associate Governmental Program Analyst

Responsible for network administration, PC support and application development. I developed over 20 complex multi-user applications to automate licensing and enforcement business processes. I received the Sustained Superior Accomplishment Award and a letter of commendation from the FBI for database work related to a fraud case.

Debbie O'Donoghue

(b) (6)

SKILL AREAS:

Strong leadership and management team experience
Media relations
Research and development programs
Event planning
Ability to work effectively under strict deadlines and stressful situations

EXPERIENCE:

Office of the Secretary of State, Administration Office – Sacramento, CA

CEA II October 2005 – Present

- Develop and direct voter outreach and education efforts needed to ensure full compliance with the mandates of the Federal Help America Vote Act of 2002.
- Created voter education and outreach partnerships with public and private sector organizations such as the California Grocers Association and California Association of the Deaf.
- Develop proactive communications programs to maximize awareness for California's role in the elections process.
- Coordinate statewide Voting Accessibility Advisory Committee which advises the Secretary of State about issues relating to access to the electoral process for voters with disabilities.
- Researched and implemented statewide accessibility trainings for county elections officials.
- Manage and oversee voting Office of Voting System Technology Assessment staff.
- Establish and maintain cooperative relationships with all levels of government.

California State Lottery – Sacramento, CA

Associate Governmental Program Analyst May 2005 – October 2005

- Organized and directed the Lottery's interdepartmental events to advance awareness of Lottery promotions and employee recognition.
- Worked with Lottery Director to oversee and establish committees in the development, planning and administration of special events. Administered independent consultant contracts/service agreements associated with the various events.

Department of Corporations, Executive Office – Sacramento, CA

Associate Governmental Program Analyst September 2004 – May 2005

- Assisted Commissioner in identifying, researching and resolving issues of a sensitive nature.
- Acted as liaison and information contact person with the Governor's Office, the Legislature and Business, Transportation and Housing Agency; Public Information Officer for Department.
- Performed independent research on special assignments, often under strict time constraints.

Office of the Secretary of State, Executive Office/Elections Division Sacramento, CA

Associate Governmental Program Analyst April 1999 – September 2004

- Coordinated and implemented ongoing voter outreach and participation plans and/or projects.
- Coordinated press events for the Secretary of State; responded to inquiries from print and broadcast media by researching campaign finance, elections reports, and corporate records.
- Produced press releases, advisories, and fact sheets; disseminated information through major media markets. Organized interview schedule for the Secretary of State.
- Planned election night media coverage for statewide primary and general elections.
- Managed press office contracts and services; proposed and implemented new office procedures.

Corewest Banc, Regional Office – Sacramento, CA

Regional Branch Coordinator November 1998 - April 1999

- Prepared daily, weekly and monthly revenue reports for loans processed on the West Coast; traveled to various branch offices to train Coordinators on all aspects of loan processing.

Law Offices of Knox, Lennon & Anapolsky - Sacramento, CA

Legal Assistant December 1997 - November 1998

- Prepared all pleadings and correspondence for senior partner and lead associate; coordinated complex schedule for litigation matters; and prepared and reviewed monthly client billings and processed subsequent incoming fees.

EDUCATION:

Cosumnes River College and Sacramento City College - Business and Government Courses

References available upon request.

Employment History

Secretary of State

Deputy Secretary of State, Operations- CEA IV

May 2005 to Present

Department budget: 464 positions and \$ 212.6 million

Oversee all program operations within the Agency including Management Services (Budgets, Accounting and Business Services), Information Technology, Elections, Political Reform, Archives/Museum and Business Programs. Provide direction to division/unit managers (7 CEAs), centralized Project Management Office and Executive Office support staff.

Serve as primary liaison to all control agencies including the Department of Finance, the Legislative Analyst's Office and all budget subcommittees of the Legislature. Testify at all budget, personnel and legal hearings. Represent the Department in meetings and/or negotiations with county representatives, business clients, industry representatives, consumer groups and other regulatory entities.

Department of Corporations

Acting Chief Deputy Commissioner- CEA II

May 2004 to May 2005

Department budget: 266 positions and \$ 26 million

Directed operations of the Department including licensing and regulatory examination functions for broker-dealers and investment advisors, mortgage lenders, escrow companies, and finance lenders; legislative analysis; franchise filings and securities registration; enforcement activities and legal support and all administrative and centralized support functions including information technology, education and outreach and the call center.

Served as primary liaison to Agency staff, all control agencies including the Department of Finance, the Legislative Analyst's Office and all budget subcommittees of the Legislature. Testified at all budget and personnel hearings. Represented the Department in meetings and/or negotiations with business clients, industry representatives, consumer groups and other regulatory entities.

Department of Corporations
Deputy Commissioner
Office of Management & Budget- CEA II

May 1999 to May 2005

Responsible for various administrative functions including budgets, accounting, human resources and business services operations. Centralized activities also under my direction: information technology and project management, clerical support and consumer services call center, outreach and education programs. Since April 2003 responsible for directing program activities for Broker-Dealer and Investment Advisor licensing and regulatory exam units.

Served as primary liaison to Agency staff, all control agencies including the Department of Finance, the Legislative Analyst's Office and all budget subcommittees of the Legislature. Testify at all budget and personnel hearings. Represented the Department in meetings with business clients, industry representatives, consumer groups and other regulatory entities.

July 1999 to July 2000: Coordinated all administrative functions related to the transition of Corporations' Health Plan Division into the newly created Department of Managed Health Care.

Franchise Tax Board
Budget Officer- Staff Services Manager II/III

June 1995 to May 1999

Department budget: Approx. 4900 perm employees and \$387 million

Managed professional and technical staff preparing the departmental budget including the galley and supporting schedules, expenditures and revenue projections, and all budget changes proposals.

Functioned as primary liaison to all control agencies including the Department of Finance, the Legislative Analyst's Office and all budget subcommittees of the Legislature.

Franchise Tax Board
Assistant Budget Officer- Administrator I

July 1994 to June 1995

Managed professional and technical staff preparing the departmental fund condition reports, expenditures projections and all budget changes proposals.

Represented the Department in meetings with the Department of Finance, Legislative Analyst, and State and Consumer Services Agency.

Franchise Tax Board
Accounting Office- Staff Services Manager I November 1990 to July 1994

Supervisor of Disbursements Unit including Revolving Fund, all Payables staff and bank reconciliation desk.

Franchise Tax Board
Accounting Office
Administrative Analyst (Accounting Systems) May 1990 to November 1990

Functioned as CALSTARS implementation project manager; trained departmental staff during deployment of system and provided ongoing analysis and maintenance services for CALSTARS activities.

Franchise Tax Board
Internal Audit Bureau November 1989 to May 1990
Associate Management Auditor

Performed program evaluation audits of the tax payment 'pipeline'. Also performed a portion of the internal control review required under State Administrative Manual Section 20000 and FISMA.

Department of Finance
Office of State Audits & Evaluations October 1986 to November 1989
Staff/Associate Management Auditor

Performed internal control, financial and special audits at various state agencies including the CA Department of Transportation, the Employment Development Department, the Department of Mental Health, the Department of Developmental Services, Corrections, Trade and Commerce/ Small Business Program and the Department of Insurance.

Education

California State University, Sacramento **Sacramento, CA**
Bachelor of Science, Business/Accountancy 1986

References: Available upon request

DORA MEJIA

QUALIFICATIONS SUMMARY

- Demonstrated experience in management and supervision, including knowledge of the organization and function of California state government
- Twenty plus years diversified experience in the accounting/finance field
- Organized with the ability to manage, prioritize and implement multiple projects within strict deadlines
- Ability to work effectively with executive management in accomplishing objectives
- Excellent analytical and problem solving skills with capacity to grasp new situations quickly
- Ability to see the big picture as well as the details

PROFESSIONAL EXPERIENCE

Secretary of State

2005-Present

Management Services Division

Career Executive Assignment (CEA) II

Division chief responsible for the overall direction and planning in the preparation and implementation of the budget; financial accounting systems; human resources, including administration of personnel policies/procedures and labor relations; training and safety programs; business services and general support operations; information security; and the Safe at Home program. Consult with and make recommendations on matters of fiscal and administrative policies to the Secretary of State. Represent the SOS in its relations with State agencies, Legislative staff, the Legislative Analyst, and external agencies.

Department of Corporations

2002-2005

Broker-Dealer/Investment Adviser Licensing and Examination Section

Supervising Corporation Examiner and Administrator II

Directed the examination and licensing activities of the Broker-Dealer/Investment Adviser Section. Provided direction on the more complex issues relating to examinations, including final review and approval of the regulatory letters. Gave guidance and assistance to examination staff on alleged violations of the California Corporate Securities Law of 1968 and the Code of Regulations concerning securities dealers, investment advisers, and their representatives. Reviewed new and amended laws/legislation to determine impact to the program and ensure compliance with the laws by incorporating new policies and procedures.

Franchise Tax Board

1999-2002

Office of Internal AuditAdministrator II (T&D classification – Associate Management Auditor)

Conducted internal audits for management to assess effectiveness of controls, accuracy of financial records, and efficiency of operations. Analyzed data for evidence of deficiencies in controls, duplication of effort, fraud, or lack of compliance with applicable laws and regulations. Prepared reports of findings and recommendations. Conducted special studies for management.

Franchise Tax Board

1994-1999

Office of Financial ManagementAdministrator II & Staff Services Manager I

Managed budget unit with direct responsibility for developing \$300+ million dollar budget. Directed and coordinated activities of professional staff involved in the development, administration and defense of the budget. Represented the FTB in budget negotiations with Agency, Department of Finance, Legislative Analyst's Office and committee consultants. Prepared briefing material for senior management. Provided budget training to branch offices and Management Development Program students. Conducted complex and sensitive budget/management studies and projects. Oversaw staff analysis and costing of legislative bills. Advised management on fiscal matters such as effective use of resources and assumptions underlying budget forecasts.

Department of Health Services

1990-1994

Budget OfficeAssociate Budget Analyst

Preparation, administration, and maintenance of program budget. Analyzed past and present financial operations to prepare Budget Change Proposals, analyze legislative proposals, track federal funds, and monitor grants and reimbursements. Prepared fiscal data reports in response to requests from the Agency Secretary, Department of Finance and the Legislative Analyst. Assisted in staff hires.

Department of Health Services

1988-1990

Accounting SectionAssistant Administrative Analyst, Accounting Systems

Directed and coordinated the daily operations of the Department's automated accounting system. Lead analyst over staff. Team member of the Department's Quality Council.

EDUCATION AND PROFESSIONAL LICENSE

Bachelor of Science in Business Administration, Accountancy and Finance
California State University, Sacramento, Cum Laude

Certified Public Accountant

SHAMMUM (MIMI) KHAN

(b) (6)

PROFESSIONAL EXPERIENCE

California Department of Motor Vehicles

Deputy Director, Licensing Operations Division (CEA IV)
January 2007 to Present

Responsible for leading and managing the Division of Licensing Operations, which has a \$60 million budget and over a 1,000 employees located through out the state. The division develops policy and regulations consistent with the laws governing these high profile programs of driver licensing and identification, the REAL ID Act (Pass I.D. Act), occupational licensing, and driver's safety. Additionally, I serve on the Department's Strategic Planning team and Executive Governance Council for the Department.

California Department of Motor Vehicles

Deputy Director, Administrative Services Division (CEA IV)
April 2006 to January 2007

Responsible for leading and managing the Division of Administrative Services, which has a budget of \$220 million and over 600 employees. I serve on the Director's executive management team and was responsible for providing leadership and guidance on policy development and implementation for fiscal and human resources, facilities and asset management, procurement, and mail and business services to the Department. In addition, I served as a member of the Federal REAL ID Act Advisory Council.

Acting Chief Deputy Director (CEA IV+)
November 2005 to April 2006

In partnership with the Acting Director of the Department of Motor Vehicles, I was responsible for the day-to-day management and administration of DMV's \$848 million budget and 9,000 employees housed in over 200 facilities throughout the state, administering the driver's license, vehicle registration, driver safety, and investigative functions. A vast majority of my time dealt with defining the implications of the REAL ID Act and establishing a statewide strategy to deal with this critical issue. I additionally represented DMV at the Business, Transportation and Housing Agency's monthly Chief Deputy Directors' meetings.

Deputy Director, Division of Administrative Services (CEA III)
February 1997 to November 2005

See duties and responsibilities for Deputy Director ASD.

California Department of Food and Agriculture

Director, Division of Administrative Services (CEA III)
December, 1986 to February 1997

Responsible for leading and managing the Division of Administrative Services, which had a budget of \$8 million and 150 employees. As the Division Director, I served on the Secretary of Agriculture's executive management team and testified at budget hearings. I oversaw the fiscal, human resources, business services and capital outlay functions of the Department, the 58 State District fair's human resources programs and the County Agriculture and Sealer Licensing Program.

Chief of Human Resources (Staff Services Manager III)
May 1984 to December 1986

Personnel Officer (Staff Services Manager II)
September 1981 to May 1984

Department of Health Services

Assistant Personnel Officer (Staff Services Manager I)
July 1979 to August 1981

EDUCATION:

M.P.A., Public Administration, University of Southern California
B.A., Government, California State University at Sacramento

HONORS:

Award of Excellence-California Office of Traffic Safety-2009
DMV Director's Special Recognition-2006
DMV Director's Key Player Award-1999
Managerial Bonus Awards in 1986 and 1989

Robert C. Crockett

(b) (6)

PROFESSIONAL EXPERIENCE

California Department of Motor Vehicles

CEA 2, Chief, Budget and Fiscal Analysis Branch

March 2011 - Present

- Manage through subordinate managers the Budget and Analysis Office, Cost Accounting Section and Forecasting Section.
- Develop and implement budget policy and procedures for the presentation and maintenance of the department budget.
- Administer, manage, plan, organize, and direct the department's budget of over \$930 million.
- Oversee studies and projects conducted by subordinate staff involving varying degrees of issue complexity that can have division or department-wide impact and can be of a highly sensitive nature.
- Oversee staff recommendation on pending legislation and other proposals, and review staff's written and oral reports.
- Monitor the Motor Vehicle Account Fund and other revenue funds, which equates to approximately \$6.5 billion per year as well as DMV divisional expenditures and the department's revenues on a quarterly basis.

Assistant Division Chief

July 2007 – February 2011

- Section Manager overseeing the activities of over 30 staff in the Registration Automation Development (RAD) unit and the Business Partner Automation (BPA) unit. One of the main responsibilities of the RAD unit is the development, maintenance, and security of the vehicle registration database. The BPA unit is responsible for maintaining and enhancing the Business Partner program that allows first and second-line business partners to process vehicle registration related transactions.
- Liaison with outside agencies and our internal Information Systems Division (ISD)
- Coordinate with ISD the prioritization of automation requests
- Departmental and Divisional representative for a number of projects
- Data Resource Manager for a majority of the vehicle related databases at the department

Staff Administrative Analyst

September 2005 – June 2007

- Manage the Financial Systems Section and the PC Development and LAN Administration
- System Administrator for the Oracle based Administrative and Financial System (AFS)
- Oversee the administration, maintenance, and development of the AFS including creation of accounts and troubleshooting
- Liaison with ISD, Business Information Systems Group in support of the AFS
- Oversee the tracking and coordination of projects that impact the Financial Services Branch
- Oversee the preparation of priority memos or requests for service for many different systems impacting the Accounting office

Robert C. Crockett

Page 2

Associate Administrative Analyst

April 2002 – August 2005

- Accounting representative on major projects including Vehicle License Fee Rebate, Smog Impact Fee Refund, Commercial Vehicle Registration Act and IRP Audit Netting
- Supervise the daily operations of the Special Funds unit
- Prepare year-end financial statements
- Review year-end financial statements prepared by my staff

Accounting Officer Supervisor

November 2000 – March 2002

- Accounting representative on major projects including Vehicle License Fee Rebate, Smog Impact Fee Refund, Commercial Vehicle Registration Act and IRP Audit Netting
- Supervise the daily operations of the Special Funds unit
- Prepare year-end financial statements
- Review year-end financial statements prepared by my staff

Accountant Trainee

October 1998 – October 2000

- Prepare year-end financial statements
- Reconcile the Local Agency Fund (0877) to our General Ledger System and to the State Controller's Agency Report
- Reconcile the Federal Trust Fund (0890) to our General Ledger System and to the State Controller's Agency Report
- Reconcile the Special Deposit Fund (0942) to our General Ledger System and to the State Controller's Agency Report
- Involved in projects such as the Vehicle Registration on the Internet where I assisted with business rule development and testing

Department of Food and Agriculture

Accounting Technician

May 1998 – September 1998

- Organize and distribute payroll warrants
- Claim Schedule and reconcile the Unclaimed Trust Account
- Post all journal entries to the general ledger system

EDUCATION

- California State University, Sacramento ~ Major: Accounting ~ Bachelor Degree May 2000

PROFESSIONAL TRAINING

- Department of Motor Vehicles ~ Leadership Academy ~ January 2007
- Department of Finance ~ State Fund Accounting ~ December 1999

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET.
SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL (b) (6)	TITLE Deputy Secretary of State, Operations
APPLICANT ORGANIZATION California Secretary of State	DATE SUBMITTED July 6, 2011



State of California:

Internal Control and State and Federal Compliance
Audit Report for the Fiscal Year Ended June 30, 2008

May 2009 Report 2008-002



CALIFORNIA
STATE AUDITOR

The first five copies of each California State Auditor report are free. Additional copies are \$3 each, payable by check or money order. You can obtain reports by contacting the Bureau of State Audits at the following address:

California State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, California 95814
916.445.0255 or TTY 916.445.0033

OR

This report is also available on the World Wide Web <http://www.bsa.ca.gov>

The California State Auditor is pleased to announce the availability of an on-line subscription service. For information on how to subscribe, please contact the Information Technology Unit at 916.445.0255, ext. 456, or visit our Web site at www.bsa.ca.gov.

You can obtain a copy of the State's Single Audit Report, which includes this report, the State's audited financial statements, and an overview of the State's economy, from the Web site of the Department of Finance:

<http://www.dof.ca.gov>

Alternate format reports available upon request.

Permission is granted to reproduce reports.

For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

Elaine M. Howle
State Auditor

Doug Cordner
Chief Deputy

CALIFORNIA STATE AUDITOR

Bureau of State Audits

555 Capitol Mall, Suite 300

Sacramento, CA 95814

916.445.0255

916.327.0019 fax

www.bsa.ca.gov

May 27, 2009

2008-002

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by California Government Code, Section 8546 et seq., the Bureau of State Audits presents its audit report concerning our review of the State of California's internal controls and compliance with state and federal laws and regulations for the year ended June 30, 2008.

This report concludes that the State did not materially comply with certain requirements for 20 of the 39 federal programs or clusters of programs we audited. Additionally, we were unable to obtain sufficient documentation to determine whether the State complied with relevant federal requirements for nine programs or clusters of programs. Further, the State continues to experience certain deficiencies in its accounting and administrative practices that affect its internal controls over financial reporting and over compliance with federal requirements. Although none of the deficiencies we identified are material to the State's financial statements, deficiencies in the State's internal control system could adversely affect its ability to provide accurate financial information and to administer federal programs in compliance with applicable requirements.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Contents

AUDITOR’S SECTION	1
Independent Auditor’s Reports on Internal Control and on Compliance and Other Matters	3
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5
Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	7
Schedule of Findings and Questioned Costs	13
Internal Control and Compliance Issues Applicable to the Financial Statements and State Requirements	19
Compliance Issues Related to All Federal Grants	27
Compliance and Internal Control Issues Related to Specific Grants Administered by Federal Departments	41
Bureau of State Audits	43
U.S. Department of Defense	45
U.S. Department of Education	49
U.S. Department of Health and Human Services	67
U.S. Department of Housing and Urban Development	157
U.S. Department of Justice	175
U.S. Department of Labor	178
U.S. Department of Transportation	195
U.S. Department of Veterans Affairs	197
The Corporation for National and Community Service	199
U.S. Election Assistance Commission	206
KPMG LLP	213
U.S. Department of Agriculture	215
U.S. Department of Education	224
U.S. Department of Health and Human Services	279
U.S. Department of Homeland Security	327
AUDITEE’S SECTION	335
Schedule of Federal Assistance	337
Summary Schedule of Prior Audit Findings	353
Response to the Audit—Department of Finance	423

AUDITOR'S SECTION

Blank page inserted for reproduction purposes only.

Independent Auditor's Reports on Internal Control and on Compliance and Other Matters

Blank page inserted for reproduction purposes only.

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

The Governor and the Legislature of the State of California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of California as of and for the year ended June 30, 2008, which collectively comprise the State of California's basic financial statements, and have issued our report thereon dated February 25, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in our report on the State of California's financial statements, other auditors audited the financial statements of the following:

Government-wide Financial Statements

- Certain enterprise funds that, in the aggregate, represent 86 percent, 53 percent, and 56 percent, respectively, of the assets, net assets and revenues of the business-type activities.
- The University of California, State Compensation Insurance Fund, California Housing Finance Agency, Public Employees' Benefits, and certain other funds that, in the aggregate, represent over 99 percent of the assets, net assets and revenues of the discretely presented component units.

Fund Financial Statements

- The following major enterprise funds: Electric Power fund, Water Resources fund, Public Building Construction fund, and State Lottery fund.
- Certain nonmajor enterprise funds that represent 90 percent, 81 percent, and 88 percent, respectively, of the assets, net assets and revenues of the nonmajor enterprise funds.
- The funds of the Public Employees' Retirement System and the State Teachers' Retirement System that, in the aggregate, represent 91 percent, 93 percent, and 12 percent, respectively, of the assets, net assets and additions of the fiduciary funds and similar component units.
- The discretely presented component units noted above.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of California's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing

an opinion on the effectiveness of the State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of California's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies with item numbers 2008-15-1, 2008-15-2, 2008-15-3, 2008-15-4, 2008-15-5, 2008-15-6, and 2008-15-7 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governor and Legislature of the State of California, the management of the executive branch, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BUREAU OF STATE AUDITS



PHILIP J. JELICICH, CPA
Deputy State Auditor

February 25, 2009

Elaine M. Howle
State Auditor

Doug Cordiner
Chief Deputy

CALIFORNIA STATE AUDITOR

Bureau of State Audits

555 Capitol Mall, Suite 300

Sacramento, CA 95814

916.445.0255

916.327.0019 fax

www.bsa.ca.gov

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

The Governor and the Legislature of the State of California

Compliance

We have audited the compliance of the State of California with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The State of California's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of California's management. Our responsibility is to express an opinion on the State of California's compliance based on our audit. We did not audit the State of California's compliance with the requirements of the U.S. Environmental Protection Agency's Capitalization Grants for Clean Water State Revolving Funds (CFDA Number 66.458). This program, which accounts for less than 1 percent of the total of federal assistance received by the State of California, is included in the accompanying schedule of federal assistance. Other auditors have audited the State of California's compliance with this program's requirements and their report thereon has been furnished to us. Our opinion, insofar as it relates to this program, is based solely on the report of the other auditors.

The State of California's basic financial statements include the operations of the University of California and the California State University systems, as well as the California Housing Finance Agency, a component unit of the State. However, these entities are not included in the accompanying schedule of findings and questioned costs or schedule of federal assistance for the year ended June 30, 2008. The University of California and the California State University systems, and the California Housing Finance Agency, which reported expenditures of federal awards totaling \$3.3 billion, \$1.5 billion, and \$75.6 million, respectively, engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133).

Except as discussed in the following paragraph on the next page, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of California's compliance with those requirements.

May 2009

We were unable to obtain sufficient documentation supporting the State of California's compliance with the requirements described in Table 1, nor were we able to satisfy ourselves as to the State of California's compliance with those requirements by other auditing procedures.

Table 1

FEDERAL PROGRAM	CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER	COMPLIANCE REQUIREMENT(S)
Community Development Block Grants/State's Program	14,228	Earmarking (Public Services)
Special Education—Grants for Infants and Families with Disabilities	84,181	Activities allowed/allowable costs and level of effort—maintenance of effort
Help America Vote Act Requirements Payments	90,401	Level of effort—maintenance of effort
Aging Cluster: Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers, Special Programs for the Aging—Title III, Part C—Nutrition Services, and Nutrition Services Incentive Program	93,044 93,045 93,053	Eligibility and matching, level of effort—and earmarking
Temporary Assistance for Needy Families	93,558	Activities allowed/allowable costs
Child Support Enforcement	93,563	Eligibility
Foster Care—Title IV-E	93,658	Activities allowed, allowable costs/cost principles, and period of availability
Adoption Assistance	93,659	Activities allowed, allowable costs/cost principles, and period of availability
Block Grants for Prevention and Treatment of Substance Abuse	93,959	Activities allowed/allowable costs

As described in Table 2 and in the accompanying schedule of findings and questioned costs, the State of California did not comply with requirements that are applicable to the following programs:

Table 2

FINDING NUMBER	FEDERAL DEPARTMENT	PROGRAM	CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER	COMPLIANCE REQUIREMENT(S)
2008-1-4	Health and Human Services	Medicaid Cluster: State Medicaid Fraud Control Units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program	93,775	Activities allowed
			93,776	
			93,777	
			93,778	
2008-1-9	Defense	National Guard Military Operations and Maintenance (O&M) Projects	12,401	Activities allowed/allowable costs
2008-1-10	Education	Safe and Drug-Free Schools and Communities—State Grants	84,186	Activities allowed/allowable costs and subrecipient monitoring
2008-1-14	Housing and Urban Development	Community Development Block Grants/State's Program	14,228	Activities allowed/allowable costs and subrecipient monitoring
2008-2-3	Health and Human Services	Medicaid Cluster: State Medicaid Fraud Control Units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program	93,775	Allowable costs
			93,776	
			93,777	
			93,778	
2008-2-5	Health and Human Services	Medical Assistance Program	93,778	Allowable costs and cost principles
2008-3-2	Agriculture	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10,557	Cash management
2008-3-3	Education	Adult Education—Basic Grants for States, Title I Grants to Local Educational Agencies, Safe and Drug-Free Schools and Communities—State Grants, Twenty-First Century Community Learning Centers, English Language Acquisition Grants, Improving Teacher Quality State Grants	84,002	Cash management
			84,010	
			84,186	
			84,287	
			84,365 84,367	

FINDING NUMBER	FEDERAL DEPARTMENT	PROGRAM	CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER	COMPLIANCE REQUIREMENT(S)
2008-3-9	Homeland Security	Disaster Grants—Public Assistance (Presidentially Declared Disasters), Homeland Security Grant Program	97.036 97.067	Cash management
2008-3-10	Health and Human Services	Child Support Enforcement	93.563	Cash management
2008-5-3	Health and Human Services	HIV Care Formula Grants	93.917	Eligibility
2008-5-4	Health and Human Services	Medicaid Cluster: State Medicaid Fraud Control Units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program	93.775 93.776 93.777 93.778	Eligibility
2008-7-4	Education	Adult Education—Basic Grants to States	84.002	Matching and level of effort—maintenance of effort
2008-7-10	The Corporation for National and Community Service	AmeriCorps	94.006	Matching
2008-7-15	Housing and Urban Development	Community Development Block Grants/ State's Program	14.228	Earmarking
2008-8-4	Health and Human Services	Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575 93.596	Period of availability
2008-8-8	Education	Safe and Drug-Free Schools and Communities—State Grants	84.186	Period of availability
2008-8-9	Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Period of availability
2008-8-11	Health and Human Services	Block Grants for Community Mental Health Services	93.958	Period of availability
2008-9-2	Health and Human Services	Block Grants for Community Mental Health Services	93.958	Procurement, suspension and debarment
2008-9-3	Health and Human Services	Promoting Safe and Stable Families, Refugee and Entrant Assistance—State Administered Programs	93.556 93.566	Procurement, suspension and debarment
2008-9-4	Health and Human Services	Promoting Safe and Stable Families, Temporary Assistance for Needy Families, Refugee and Entrant Assistance—State Administered Programs, Child Welfare Services—State Grants, Foster Care—Title IV-E, Adoption Assistance	93.556 93.558 93.566 93.645 93.658 93.659	Procurement, suspension and debarment
2008-9-5	Housing and Urban Development	Community Development Block Grants/ State's Program	14.228	Suspension and debarment
2008-12-1	Election Assistance Commission	Help America Vote Act Requirement Payments	90.401	Reporting
2008-12-3	Education	Title I Grants to Local Educational Agencies, English Language Acquisition Grants	84.010 84.365	Reporting
2008-13-12 and 2008-13-13	Health and Human Services	Medicaid Cluster: State Medicaid Fraud Control Units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program	93.775 93.776 93.777 93.778	Subrecipient monitoring
2008-13-20	Health and Human Services	Child Support Enforcement	93.563	Subrecipient monitoring
2008-13-21	Education	Safe and Drug-Free Schools and Communities—State Grants	84.186	Subrecipient monitoring
2008-13-22	Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient monitoring
2008-13-23	Health and Human Services	Block Grants for Community Mental Health Services	93.958	Subrecipient monitoring

FINDING NUMBER	FEDERAL DEPARTMENT	PROGRAM	CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER	COMPLIANCE REQUIREMENT(S)
2008-13-25	Health and Human Services	Promoting Safe and Stable Families	93.556	Subrecipient monitoring
2008-13-28	Health and Human Services	Temporary Assistance for Needy Families, Foster Care—Title IV-E, Adoption Assistance	93.558 93.658 93.659	Subrecipient monitoring
2008-13-29	Health and Human Services	Adoption Assistance	93.659	Subrecipient monitoring
2008-13-31	Housing and Urban Development	Community Development Block Grants/State's Program, HOME Investment Partnerships Program	14.228 14.239	Subrecipient monitoring
2008-14-5	Health and Human Services	Medicaid Cluster: State Medicaid Fraud Control Units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program	93.775 93.776 93.777 93.778	Special tests and provisions—provider eligibility
2008-14-8	Education	Special Education—Grants for Infants and Families with Disabilities	84.181	Special tests and provisions
2008-14-9	Health and Human Services	Child Support Enforcement	93.563	Special tests and provisions
2008-14-10	Health and Human Services	Block Grants for Community Mental Health Services	93.958	Special tests and provisions
2008-14-11	Health and Human Services	Adoption Assistance	93.659	Special tests and provisions

Compliance with such requirements is necessary, in our opinion, for the State of California to comply with the requirements applicable to those programs.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State of California's compliance with the requirements described in Table 1 and except for the remaining noncompliance described in Table 2, the State of California complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

2008-1-3, 2008-1-5, 2008-1-8, 2008-2-1, 2008-2-2, 2008-2-6, 2008-2-7, 2008-2-8, 2008-2-9, 2008-2-11, 2008-3-4, 2008-3-6, 2008-3-8, 2008-3-11, 2008-3-12, 2008-5-5, 2008-5-6, 2008-5-7, 2008-7-9, 2008-8-2, 2008-8-5, 2008-8-7, 2008-8-10, 2008-9-1, 2008-12-2, 2008-12-5, 2008-12-7, 2008-12-8, 2008-12-9, 2008-12-10, 2008-12-11, 2008-12-12, 2008-12-13, 2008-12-14, 2008-12-16, 2008-12-18, 2008-13-1, 2008-13-2, 2008-13-3, 2008-13-4, 2008-13-5, 2008-13-6, 2008-13-7, 2008-13-8, 2008-13-10, 2008-13-11, 2008-13-14, 2008-13-15, 2008-13-16, 2008-13-18, 2008-13-19, 2008-13-26, 2008-13-27, 2008-13-32, 2008-14-1, 2008-14-2, and 2008-14-4.

Internal Control Over Compliance

The management of the State of California is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of California's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of California's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the State of California's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-1-1, 2008-1-2, 2008-1-3, 2008-1-4, 2008-1-5, 2008-1-6, 2008-1-7, 2008-1-8, 2008-1-9, 2008-1-10, 2008-1-11, 2008-1-12, 2008-1-13, 2008-1-14, 2008-2-1, 2008-2-2, 2008-2-3, 2008-2-4, 2008-2-6, 2008-2-7, 2008-2-8, 2008-2-9, 2008-2-10, 2008-3-1, 2008-3-2, 2008-3-3, 2008-3-4, 2008-3-5, 2008-3-6, 2008-3-7, 2008-3-8, 2008-3-9, 2008-3-10, 2008-3-12, 2008-3-13, 2008-5-2, 2008-5-3, 2008-5-4, 2008-5-5, 2008-5-6, 2008-5-7, 2008-7-1, 2008-7-2, 2008-7-3, 2008-7-4, 2008-7-5, 2008-7-6, 2008-7-7, 2008-7-8, 2008-7-9, 2008-7-10, 2008-7-11, 2008-7-12, 2008-7-13, 2008-7-14, 2008-7-16, 2008-7-17, 2008-8-1, 2008-8-2, 2008-8-3, 2008-8-4, 2008-8-5, 2008-8-8, 2008-8-10, 2008-8-11, 2008-8-12, 2008-9-1, 2008-9-2, 2008-9-3, 2008-9-4, 2008-9-5, 2008-12-1, 2008-12-2, 2008-12-3, 2008-12-4, 2008-12-5, 2008-12-6, 2008-12-7, 2008-12-8, 2008-12-9, 2008-12-10, 2008-12-11, 2008-12-12, 2008-12-13, 2008-12-15, 2008-12-18, 2008-12-19, 2008-12-20, 2008-13-2, 2008-13-3, 2008-13-4, 2008-13-5, 2008-13-6, 2008-13-7, 2008-13-8, 2008-13-9, 2008-13-10, 2008-13-11, 2008-13-12, 2008-13-13, 2008-13-14, 2008-13-15, 2008-13-16, 2008-13-17, 2008-13-19, 2008-13-20, 2008-13-22, 2008-13-23, 2008-13-25, 2008-13-26, 2008-13-27, 2008-13-28, 2008-13-29, 2008-13-30, 2008-13-31, 2008-14-1, 2008-14-2, 2008-14-3, 2008-14-4, 2008-14-5, 2008-14-6, 2008-14-7, 2008-14-8, 2008-14-9, 2008-14-10, and 2008-14-11 to be significant deficiencies.

A *material weakness* is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2008-1-4, 2008-1-5, 2008-1-6, 2008-1-7, 2008-1-9, 2008-1-10, 2008-1-11, 2008-1-12, 2008-1-13, 2008-1-14, 2008-2-3, 2008-2-4, 2008-2-9, 2008-2-10, 2008-3-2, 2008-3-3, 2008-3-9, 2008-3-10, 2008-3-13, 2008-5-3, 2008-5-4, 2008-5-6, 2008-7-1, 2008-7-2, 2008-7-3, 2008-7-4, 2008-7-10, 2008-7-11, 2008-7-13, 2008-7-14, 2008-7-16, 2008-8-1, 2008-8-3, 2008-8-4, 2008-8-8, 2008-8-11, 2008-8-12, 2008-9-1, 2008-9-2, 2008-9-3, 2008-9-4, 2008-12-1, 2008-12-2, 2008-12-3, 2008-12-15, 2008-13-12, 2008-13-13, 2008-13-16, 2008-13-17, 2008-13-20, 2008-13-22, 2008-13-23, 2008-13-25, 2008-13-27, 2008-13-28, 2008-13-29, 2008-14-1, 2008-14-5, 2008-14-7, 2008-14-8, 2008-14-9, 2008-14-10, and 2008-14-11 to be material weaknesses.

The State of California's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of California's response and, accordingly, we express no opinion on it.

Schedule of Federal Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of California, as of and for the year ended June 30, 2008, and have issued our report thereon dated February 25, 2009. We did not audit the following significant amounts in the financial statements of:

Government-wide Financial Statements

- Certain enterprise funds that, in the aggregate, represent 86 percent, 53 percent, and 56 percent, respectively, of the assets, net assets and revenues of the business-type activities.
- The University of California, State Compensation Insurance Fund, California Housing Finance Agency, Public Employees' Benefits, and certain other funds that, in the aggregate, represent over 99 percent of the assets, net assets and revenues of the discretely presented component units.

Fund Financial Statements

- The following major enterprise funds: Electric Power fund, Water Resources fund, Public Building Construction fund, and State Lottery fund.
- Certain nonmajor enterprise funds that represent 90 percent, 81 percent, and 88 percent, respectively, of the assets, net assets and revenues of the nonmajor enterprise funds.
- The funds of the Public Employees' Retirement System and the State Teachers' Retirement System that, in the aggregate, represent 91 percent, 93 percent, and 12 percent, respectively, of the assets, net assets and additions of the fiduciary funds and similar component units.
- The discretely presented component units noted above.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those funds and entities, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of California's basic financial statements. The accompanying schedule of federal assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. OMB Circular A-133 requires the schedule of federal assistance to present total expenditures for each federal assistance program. However, although the State's automated accounting system separately identifies receipts for each federal assistance program, it does not separately identify expenditures for each program. As a result, the State presents the schedule of federal assistance on a cash receipts basis. In addition, the schedule of federal assistance does not include expenditures of federal awards received by the University of California and the California State University systems, or the California Housing Finance Agency. These expenditures are audited by other independent auditors in accordance with OMB Circular A-133. The information in the accompanying schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governor and Legislature of the State of California, the management of the executive branch, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BUREAU OF STATE AUDITS



PHILIP J. JELICICH, CPA
Deputy State Auditor

February 25, 2009

Schedule of Findings and Questioned Costs

Blank page inserted for reproduction purposes only.

**STATE OF CALIFORNIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE
 FISCAL YEAR ENDED JUNE 30, 2008**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Type of auditor's reports issued on compliance for major programs:

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557) Qualified

National Guard Military Operations and Maintenance (O&M) Projects (12.401) Qualified

Community Development Block Grants/State's Program (14.228) Qualified

HOME Investments Partnerships Program (14.239) Qualified

Adult Education—Basic Grants to States (84.002) Qualified

Title I Grants to Local Educational Agencies (84.010) Qualified

Safe and Drug-Free Schools and Communities—State Grants (84.186) Qualified

Twenty-First Century Community Learning Centers (84.287) Qualified

English Language Acquisition Grants (84.365) Qualified

Improving Teacher Quality State Grants (84.367) Qualified

Temporary Assistance for Needy Families (93.558) Qualified

Child Support Enforcement (93.563)	Qualified
Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.575 and 93.596)	Qualified
Foster Care—Title IV-E (93.658)	Qualified
Adoption Assistance (93.659)	Qualified
Medicaid Cluster: State Medicaid Fraud Control units, Hurricane Katrina Relief, State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program (93.775, 93.776, 93.777, and 93.778)	Qualified
HIV Care Formula Grants (93.917)	Qualified
Disaster Grants—Public Assistance (Presidentially Declared Disasters) (97.036)	Qualified
Homeland Security Grant Program (97.067)	Qualified
Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Qualified
All other major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	Yes
Dollar threshold used to distinguish between Type A and Type B programs	\$79.6 million
Auditee qualified as low-risk auditee?	No

Identification of Major Programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster of Programs</i>
	Aging Cluster
	Child Care Development Fund Cluster
	Child Nutrition Cluster
	Employment Services Cluster
	Homeland Security Cluster
	Medicaid Cluster
	Special Education Cluster
	WIA Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.228	Community Development Block Grants/State's Program
14.239	HOME Investments Partnerships Program
16.606	State Criminal Alien Assistance Program
64.114	Veterans Housing—Guaranteed and Insured Loans
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.002	Adult Education—Basic Grants to States
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education—State Grant Program
84.032	Federal Family Education Loans—Guaranty Agencies
84.048	Career and Technical Education—Basic Grants to States
84.181	Special Education—Grants for Infants and Families with Disabilities
84.186	Safe and Drug-Free Schools and Communities—State Grants
84.287	Twenty-First Century Community Learning Centers
84.357	Reading First State Grants
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care—Title IV-E
93.659	Adoption Assistance
93.767	State Children's Insurance Program
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)
97.046	Fire Management Assistance Grant

Blank page inserted for reproduction purposes only.

Internal Control and Compliance Issues Applicable to the Financial Statements and State Requirements

Blank page inserted for reproduction purposes only.

CALIFORNIA EMERGENCY MANAGEMENT AGENCY

Reference Number: 2008-15-1

Condition

In preparing its adjustments for fiscal year 2007–08, the California Emergency Management Agency (Emergency Management), formerly the Office of Emergency Services, overstated its liabilities and expenditures by \$352 million for the Federal Trust Fund. On a budgetary/legal basis, local assistance contracts or grants are recorded as encumbrances when the grant commitment or contract is executed. However, in accordance with the accounting principles generally accepted in the United States of America, these commitments are not reported as encumbrances because the future expenditures related to them are either reimbursed or funded from other sources, or the State will not own the resulting asset. The overstatement errors were caused by Emergency Management’s recording commitments as liabilities.

When departments make errors in their generally accepted accounting principles (GAAP) adjustments, the State Controller’s Office (SCO) will not have accurate data when preparing the State’s GAAP-based financial statements that it includes in the Comprehensive Annual Financial Report.

Criteria

Under California Government Code, sections 12460 and 12461, the SCO is required to issue a report prepared strictly in accordance with GAAP. To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendation

Emergency Management should make improvements to its financial reporting process to ensure that it prepares and submits accurate GAAP adjustments to the SCO. In particular, Emergency Management should properly distinguish between commitments and encumbrances in preparing its GAAP adjustments.

Department’s View and Corrective Action Plan

Emergency Management concurs with our finding and submitted the GAAP adjustments for the Federal Trust Fund upon learning of the error. In addition, Emergency Management indicated it would submit required adjustments related to commitments in the future.

DEPARTMENT OF PARKS AND RECREATION

Reference Number: 2008-15-2

Condition

For the fiscal year ended June 30, 2004, we reported that the Department of Parks and Recreation (Parks and Recreation) continued to have inadequate procedures to account for and report its real property. Specifically, its acquisition unit had not reported \$3.4 million in ancillary costs for the real property acquired between July 2001 and June 2002, and it did not report ancillary costs to the Department of General Services (General Services) in a format that allows input into the Statewide Property Inventory system. In addition, Parks and Recreation did not reconcile the amounts reported in the Statewide Property Inventory with its records. In December 2004, in an attempt to reconcile the two sources, Parks and Recreation acknowledged an unexplained difference of \$167 million between its and General Service’s Statewide Property Inventory account balances for land. In its corrective action plan, Parks and Recreation had stated that it would work with General Services to develop a process

to include ancillary costs in the Statewide Property Inventory and that it had initiated a process to reconcile the amounts reported in the Statewide Property Inventory with its Statement of Changes in General Fixed Assets.

In November 2007 we followed up with Parks and Recreation to determine whether it reports ancillary costs to General Services for inclusion in the Statewide Property Inventory. Parks and Recreation informed us that it had reported all ancillary costs of real property to General Services in a format that allows input into the Statewide Property Inventory, and as a result, its records agree with that of General Services. In November 2008 Parks and Recreation informed us that it had not fully implemented our prior year's recommendation to reconcile the amounts reported in the Statewide Property Inventory with its Statement of Changes in General Fixed Assets and that the difference between the two sources was \$33.2 million. Because Parks and Recreation has not fully implemented our recommendation to reconcile the amounts reported, we did not review its progress in reporting ancillary costs.

Unless Parks and Recreation reports complete and accurate ancillary cost information to General Services and periodically reconciles its Statement of Changes in General Fixed Assets with the Statewide Property Inventory, the State's financial statements may be misstated, and the Statewide Property Inventory may be incomplete and inaccurate.

Criteria

The *State Administrative Manual*, Section 8611, requires that all costs related to purchasing land be included in the capitalized amount. This includes ancillary costs such as legal and title fees, title search costs, and costs of grading, surveying, draining, or other related items.

The California Government Code, Section 11011.15, requires departments to furnish General Services with a record of each parcel of real property that it possesses and to update its real property holdings by July 1 each year. It also requires General Services to maintain a complete and accurate inventory of all real property held by the State. General Services includes Parks and Recreation's information in the Statewide Property Inventory.

The *State Administrative Manual*, Section 7924, requires agencies to annually reconcile the amounts reported in the Statewide Property Inventory with the Statement of Changes in General Fixed Assets.

The *State Administrative Manual*, sections 7463, 7977, and 8660, requires agencies to report to the State Controller's Office (SCO) in a Statement of Changes in General Fixed Assets all additions and deductions to real property funded by governmental funds. The SCO includes this information in the State's financial statements.

Recommendation

Parks and Recreation should reconcile the amounts reported in the Statewide Property Inventory with its Statement of Changes in General Fixed Assets.

Department's View and Corrective Action Plan

Parks and Recreation concurs with our findings but indicates that additional time is necessary for full implementation of the recommendation.

DEPARTMENT OF MENTAL HEALTH

Reference Number: 2008-15-3

Condition

In preparing its adjustments for fiscal year 2007–08, the Department of Mental Health (Mental Health) overstated its encumbrance reserve amount by \$581 million for the Mental Health Services Fund. On a budgetary/legal basis, local assistance contracts or grants are recorded as encumbrances when the contract or grant is executed. However, in accordance with the accounting principles generally accepted in the United States of America, these commitments are not reported as encumbrances because the future expenditures related to them are either reimbursed or funded from other sources, or the State will not own the resulting asset. The overstatement error was caused by Mental Health not submitting a generally accepted accounting principles (GAAP) adjustment to reduce the encumbrance reserve and reclassify its local assistance obligation as a commitment. When departments make errors in their GAAP adjustments, the State Controller's Office (SCO) will not have accurate data when preparing the State's GAAP-based financial statements that it includes in the Comprehensive Annual Financial Report.

Criteria

Under California Government Code, sections 12460 and 12461, the SCO is required to issue a report prepared strictly in accordance with GAAP. To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendation

Mental Health should make improvements to its financial reporting process to ensure that it prepares and submits accurate GAAP adjustments to the SCO. In particular, Mental Health should properly distinguish between commitments and encumbrances in preparing its GAAP adjustments.

Department's View and Corrective Action Plan

Mental Health concurs with our finding and indicates that it will incorporate this GAAP adjustment to reclassify encumbrance balances related to commitments as a part of its annual financial reporting process.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Reference Number: 2008-15-4

Condition

In preparing its adjustments for fiscal year 2007–08, the Department of Housing and Community Development (Housing) overstated its encumbrance reserve amount by \$50 million for the Building Equity and Growth in Neighborhoods Fund and \$400 million for the Regional Planning, Housing, and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006. On a budgetary/legal basis, local assistance contracts or grants are recorded as encumbrances when the contract or grant is executed. However, in accordance with the accounting principles generally accepted in the United States of America, these commitments are not reported as encumbrances because the future expenditures related to them are either reimbursed or funded from other sources, or the State will not own the resulting asset. The overstatement errors were caused by Housing not submitting its generally accepted accounting principles (GAAP) adjustments to reduce the encumbrance reserves and reclassify its local assistance obligations as commitments.

When departments make errors in their GAAP adjustments, the State Controller's Office (SCO) will not have accurate data when preparing the State's GAAP-based financial statements that it includes in the Comprehensive Annual Financial Report.

Criteria

Under California Government Code, sections 12460 and 12461, the SCO is required to issue a report prepared strictly in accordance with GAAP. To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendation

Housing should make improvements to its financial reporting process to ensure that it prepares and submits accurate GAAP adjustments to the SCO. In particular, Housing should properly distinguish between commitments and encumbrances in preparing its GAAP adjustments.

Department's View and Corrective Action Plan

Housing plans to further research our recommendation to ensure it abides by the California Government Code and if appropriate, apply adjusting entries consistently in subsequent fiscal years. If appropriate, Housing will incorporate its analysis and the recommendations of the Bureau of State Audits into its annual financial reporting process.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Reference Number:

2008-15-5

Condition

In preparing its financial reports for fiscal year 2007–08, the Department of Transportation (Caltrans) overstated its reserve for encumbrances and commitments by a total of \$192 million by understating various liability accounts and related expenditures. Funds affected by this misstatement are the State Highway Account, Bicycle Transportation Account, Public Transportation Account, Traffic Congestion Relief Fund, Transportation Investment Fund, and the Transportation Deferred Investment Fund. In accordance with the accounting principles generally accepted in the United States of America, a reserve for encumbrance derives from an executed agreement with unperformed services or undelivered goods. A commitment arises out of an agreement to provide funding to a local government for expenditure. For any goods or services received by year-end that remain unpaid, or funding for a local government that is due, Caltrans must prepare an accrual to report these costs as a liability and reflect the related expenditure. This error occurred because Caltrans excluded liabilities totaling \$192 million when preparing its accruals, and instead recorded these liabilities as encumbrances and commitments.

Criteria

Under California Government Code, sections 12460 and 12461, the State Controller's Office (SCO) is required to issue a report prepared strictly in accordance with generally accepted accounting principles (GAAP). To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendation

Caltrans should make improvements to its financial reporting process to ensure it accurately reports reserve for encumbrances, commitments, and various liability accounts and related expenditures.

Department's View and Corrective Action Plan

Caltrans concurred that it overstated reserve for encumbrances and commitments by a total of \$192 million by understating various liability accounts and related expenditures. Caltrans stated its accruals reflected the cost of goods or services received by year-end for which an invoice had been given prior to a cut-off date necessary to meet the State's financial reporting deadlines. The \$192 million in liabilities and related expenditures reflected the cost of goods or services received for which Caltrans had not been given an invoice before the cut-off date. In the future, Caltrans agreed to accrue an estimate for such obligations based on historical data. However, Caltrans stated that due to significant fluctuations in funding levels, it could not provide assurance that the estimate prepared at the time of reporting deadlines would reasonably approximate the actual data available several months later.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Reference Number: 2008-15-6

Condition

In preparing its adjustments for fiscal year 2007–08, the Department of Transportation (Caltrans) overstated its reserve for encumbrances by \$617 million for the Public Transportation Account. On a budgetary/legal basis, local assistance contracts or grants are recorded as encumbrances when the underlying agreement is executed. However, in accordance with the accounting principles generally accepted in the United States of America, these commitments are not reported as encumbrances because the future expenditures are either reimbursed or funded from other sources, or the State will not own the resulting asset. The error occurred because Caltrans did not submit a generally accepted accounting principles (GAAP) adjustment to the State Controller's Office (SCO) reclassifying \$617 million in encumbrance reserves to commitments.

When departments do not prepare necessary GAAP adjustments, the SCO does not have the data it needs to accurately prepare the State's GAAP-basis financial statements included in the Comprehensive Annual Financial Report.

Criteria

Under California Government Code, sections 12460 and 12461, the SCO is required to issue a report prepared strictly in accordance with GAAP. To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendation

Caltrans should make improvements to its financial reporting process to ensure that it prepares and submits accurate GAAP adjustments to the SCO. In particular, Caltrans should properly distinguish between commitments and encumbrances in preparing its GAAP adjustments.

Department's View and Corrective Action Plan

Caltrans concurred with our finding and submitted a GAAP entry to the SCO to reclassify \$617 million from reserve for encumbrances to commitments.

FRANCHISE TAX BOARD

Reference Number:

2008-15-7

Condition

The Franchise Tax Board (FTB) overstated its fiscal year 2007–08 revenue accruals for corporation taxes by a combined \$808 million. Chapter 751, Statutes of 2008, required a change in the calculation of tax revenue accruals, and Chapter 1 of the First Extraordinary Session, Statutes of 2008, directed the Department of Finance (Finance) to provide guidance to the FTB on the implementation of this change. Finance subsequently provided the FTB with instructions for executing this change on a budgetary/legal basis, but directed it to only partially implement the changes in fiscal year 2007–08 and to fully implement these changes in fiscal year 2008–09. The FTB subsequently estimated this change would amount to a \$305 million increase to its corporation tax revenue accruals for fiscal year 2007–08. Under accounting principles generally accepted in the United States of America an estimate can be a valid basis for calculating an accrual, but there must be a reasonable basis for the estimate. However, neither Finance nor the FTB was able to provide adequate support for the methodology the FTB used to estimate these additional revenues, nor could they provide a valid reason for only partially implementing this change in fiscal year 2007–08. Although the \$305 million increase to the FTB's corporation tax revenue accruals was appropriate on a budgetary/legal basis, the FTB should have submitted a generally accepted accounting principles (GAAP) adjustment to the State Controller's Office (SCO) to reverse this accrual.

In addition, Chapter 1 of the First Extraordinary Session, Statutes of 2008, established a new penalty to be assessed against any corporation that has an understatement of tax of \$1 million or more in any open tax year from January 1, 2003. However, this same law allows corporations to file amended tax returns by May 31, 2009, to pay any additional self-assessed taxes and avoid the penalty. The FTB estimated that corporations will self-assess and remit an additional \$1.4 billion by this deadline and increased its corporation tax revenue accruals by the same amount for fiscal year 2007–08. However, the FTB also estimated that corporations would submit refund claims against the \$1.4 billion they submitted. Thus, because the FTB expects to net only \$900 million from the \$1.4 billion it estimates it will receive from this new tax penalty in fiscal year 2007–08, it should have submitted a GAAP adjustment to the SCO to reduce its revenue accruals by \$503 million to account for future refunds.

When departments do not prepare necessary GAAP adjustments, the SCO does not have accurate data when preparing the State's GAAP-based financial statements included in the Comprehensive Annual Financial Report. Subsequent to our review, the FTB submitted GAAP adjustments to the SCO to reduce its corporation tax revenue accruals by a net of \$808 million, which were then properly reflected in the State's Comprehensive Annual Financial Report.

Criteria

Under California Government Code, sections 12460 and 12461, the SCO is required to issue a report prepared strictly in accordance with GAAP. To assist it in this responsibility, the SCO annually requests departments to provide adjustments to conform their financial statements to GAAP. Further, the SCO provides instructions to help departments prepare their GAAP adjustments.

Recommendations

The FTB needs to ensure that its revenue accruals are adequately supported and develop a reasonable basis for estimating the taxes it will generate in fiscal year 2008–09 and subsequent fiscal years under the changes in law made by Chapter 751, Statutes of 2008. In addition, the FTB should make improvements to its financial reporting process to ensure that it prepares and submits appropriate GAAP adjustments to the SCO.

Department's View and Corrective Action Plan

The FTB concurred with our finding and submitted GAAP adjustments to the SCO to reduce its corporation tax revenue accruals by a net of \$808 million.

Compliance Issues Related to All Federal Grants

Blank page inserted for reproduction purposes only.

U.S. OFFICE OF MANAGEMENT AND BUDGET

Reference Number:	2008-12-17
Federal Program:	All Programs
Category of Finding:	Reporting
State Administering Department:	Department of Finance (Finance)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart C—Auditees, Section .310—Financial Statements

- (b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall:
 - (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

OMB CIRCULAR A-133, Subpart D—Auditors, Section .520—Major Program Determination

- (a) General. The auditor shall use a risk-based approach to determine which Federal programs are major programs. The risk-based approach shall include consideration of: current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program. The process in paragraphs (b) through (i) of this section shall be followed.
- (b) Step 1.
 - (1) The auditor shall identify the larger Federal programs, which shall be labeled Type A programs. Type A programs are defined as Federal programs with Federal awards expended during the audit period exceeding the larger of:
 - (i) \$300,000 or three percent (.03) of total Federal awards expended in the case of an auditee for which total Federal awards expended equal or exceed \$300,000 but are less than or equal to \$100 million.
 - (ii) \$3 million or three-tenths of one percent (.003) of total Federal awards expended in the case of an auditee for which total Federal awards expended exceed \$100 million but are less than or equal to \$10 billion.
 - (iii) \$30 million or 15 hundredths of one-percent (.0015) of total Federal awards expended in the case of an auditee for which total Federal awards expended exceed \$10 billion.

Condition

State law requires Finance to maintain a complete accounting system to ensure that all revenues, expenditures, receipts, disbursements, resources, obligations, and property of the State are accounted for properly and accurately. Because of limitations in its automated accounting systems, the State has not complied with the provision of OMB Circular A-133 requiring auditees to prepare a schedule of expenditures of federal awards that includes the total federal awards expended for each individual federal program. As a result, the schedule (beginning on page 339) shows total cash receipts rather than expenditures by program. Further, without the expenditure information, we are unable to comply with the provision of OMB Circular A-133 for determining which federal programs are major programs. Instead, we use the cash receipts information to make our determination for Type A programs. We also review expenditure information for those federal programs that have cash receipts within 10 percent of the Type A program threshold to ensure that they are classified correctly as Type A programs.

Recommendation

As priorities and resources permit, Finance should modify the State's accounting system to allow it to prepare a schedule of expenditures of federal awards that includes the total federal awards expended for each individual federal program.

Department's View and Corrective Action Plan

Finance noted that the State's accounting system will require substantial modification to comply with federal and state requirements. Finance received approval for a new integrated statewide financial management system, the Financial Information System for California (FISCal). In light of the current economic climate in California, and FISCal's heavy reliance on bond funding, the project has slowed its forward progress on the Request for Proposal. Once full funding is obtained, forward progress will quickly continue. It is anticipated that the new system will have the capability to provide total expenditures for each federal program as required by OMB Circular A-133.

U.S. DEPARTMENT OF THE TREASURY

Reference Number:	2008-3-14
Federal Program Title:	All Programs Subject to the Treasury— State Agreement
Category of Finding:	Cash Management
State Administering Department:	Department of Finance (Finance)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 65—INTERGOVERNMENTAL COOPERATION, Section 6503—
Intergovernmental Financing

- (b)(1) The Secretary shall enter into an agreement with each State to which transfers of funds are made, which establishes procedures and requirements for implementing this section.
- (2) An agreement under this subsection shall—
- (A) specify procedures chosen by the State for carrying out transfers of funds under the agreement;
 - (B) describe the process by which the Federal Government shall review and approve the implementation of the procedures specified under subparagraph (A);
 - (C) establish the methods to be used for calculating and documenting payments of interest pursuant to this section; and
 - (D) specify those types of costs directly incurred by the State for interest calculations required under this section, and require the Secretary to consider those costs in computing payments under this section.

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE,
DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT
FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance
Programs Included in a Treasury-State Agreement, Section 205.29—What Are the State Oversight and
Compliance Responsibilities?

- (b) A State must maintain records supporting interest calculations, clearance patterns, interest calculation costs, and other functions directly pertinent to the implementation and administration of this subpart A for audit purposes. A State must retain the records for each

fiscal year for three years from the date the State submits its Annual Report, or until any pending dispute or action involving the records and documents is completed, whichever is later. We, the Comptroller General, and the Inspector General or other representative of a Federal Program Agency must have the right of access to, and may require submission of, all records for the purpose of verifying interest calculations, clearance patterns, interest calculation cost claims, and the State's accounting for Federal funds.

STATE ADMINISTRATIVE MANUAL, Section 8013—Principal Responsibilities

- (1) The principal responsibilities of DOE:
 - a. Establish the annual CMIA threshold amount. Identify the State agencies and federal assistance programs that will be impacted by CMIA.
 - b. Notify CMIA participating departments of their roles and responsibilities.
 - c. Negotiate with the U.S. Department of the Treasury, Financial Management Service (FMS) on new agreements and amendments to the existing Agreement.
 - d. With the assistance of the SCO, develop patterns by programs for the average number of days from warrant issuance to redemption.
 - e. Calculate the state and federal interest liabilities by programs and direct costs for DOE's interest calculation costs.
 - f. Prepare annual interest reports and interest calculation cost claims for submittal to FMS.
 - g. Budget funds from the General Fund and special funds for the payment of the state interest liability to the federal government.

Condition

Finance entered into the Treasury-State Agreement (TSA) with the U.S. Department of the Treasury for fiscal year 2007–08 on August 17, 2007. Our review of Finance's implementation of the TSA found that it does not have adequate written policies and procedures to ensure that its staff are accurately calculating the state and federal interest liabilities by program. Annually, Finance conducts a training session with the departments responsible for administering programs subject to the TSA to instruct them on how to prepare the quarterly work sheets it uses to calculate the state and federal interest liability. The departments prepare work sheets quarterly that include information on federal drawdowns and the related payments for the programs they administer that are subject to the TSA. Currently, one staff person is responsible for reviewing and compiling the work sheets.

Our review of the interest calculations for the fiscal year 2007–08 annual report found that Finance incorrectly calculated the federal interest liability, interest liability related to disbursement without warrants and Medi-Cal refund interest liability. Specifically, the TSA prescribes that when calculating the federal interest liability, Finance should calculate the number of days between when the State pays out its own funds for program purposes and when it receives federal reimbursement. However, Finance is incorrectly using the methodology outlined in the TSA for the state interest liability, which adds the number of days between when the State receives federal funds and when it issues warrants to the clearance pattern for the program.

Furthermore, according to the TSA, to calculate the federal interest liability for disbursement without warrants, Finance should calculate the number of days between when the State receives the federal funds and the date of the journal entry transferring the funds between state departments. Instead, Finance again calculated the federal interest liability using the methodology outlined in the TSA for calculating the state interest liability. Finally, the TSA requires Finance to calculate the interest liability on Medi-Cal refunds by using the predisbursement period and the clearance pattern period. The predisbursement period is identified as the midpoint date for the deposit of refunds to the issuance of warrants. The TSA then requires Finance to calculate the total weighted average days for the two periods and apply it to the total refunds to arrive at the state interest liability. However,

Finance incorrectly calculated the midpoint date to be between the deposit date and the remittance date, which is the date the departments request the funds prior to the issuance of the warrants. As a result of Finance's miscalculation of the midpoint date, its calculation of the Medi-Cal refund interest liability is incorrect. Without adequate written policies and procedures, those responsible for reviewing the compilation of the work sheets and the annual report cannot ensure that the methodology used complies with the TSA.

Additionally, Finance does not review the methodology used by the State Controller's Office (SCO) to develop clearance patterns to ensure that it is consistent with the TSA. In fact, despite certifying in the fiscal year 2007–08 TSA that an authorized state official has certified the clearance patterns at least every five years, Finance was unable to provide us with documentation demonstrating its review of the clearance patterns. However, Finance's review of the methodology used by the SCO is particularly important because we noted an inconsistency between the SCO's written process that it gave to Finance and the TSA requirements related to the calculation of the dollar-weighted average day of clearance. Finance was unable to explain the inconsistency. Because Finance is responsible for the development of the clearance patterns, it has the responsibility to ensure that the SCO's methodology is consistent with that of the TSA.

Questioned Costs

Unknown

Recommendations

Finance should prepare written policies and procedures instructing staff on how to calculate the state and federal interest liabilities by program. Additionally, Finance should recalculate the federal interest liability, liability for disbursements without warrants, and Medi-Cal refund interest liability and revise its fiscal year 2007–08 annual report. Finally, Finance should review the methodology used by the SCO to develop the clearance patterns by program and retain evidence of its review for audit purposes.

Department's View and Corrective Action Plan

1. Inadequate Written Policies and Procedures

Finance concurs with this finding. Finance stated that it does have an extensive procedures manual. However, it agrees that the procedures manual would be enhanced by including more narrative describing how to calculate the state and federal interest liabilities. The additional narrative will be prepared and incorporated into the procedures manual. Finance anticipates this will be accomplished by June 2009.

2. Federal Interest Liability

Finance agrees that the calculation of the federal interest liability does not appear to be correct based on the language currently contained in the TSA. Finance stated that it is reevaluating its procedures for calculating the federal interest liability. Finance also stated that it plans to discuss this issue with the federal Financial Management Service (FMS) to reach an agreement on the correct method for calculating federal interest liabilities and to implement any necessary changes to either the procedures or the language in the TSA. Finance anticipates this will be accomplished by June 2009.

3. Disbursements Without Warrants

Finance agrees that the calculation of the interest liability for disbursements without warrants does not appear to be correct based on the language currently contained in the TSA. Finance plans to discuss this issue with the federal FMS to reach an agreement on the correct method for calculating the interest liability for disbursements without warrants and to implement any necessary changes to either the procedures or the language in the TSA. Finance anticipates this will be accomplished by June 2009.

4. Medi-Cal Refund Interest Liability

Finance agrees that the calculation of the interest liability on Medi-Cal refunds does not appear to be correct based on the language currently contained in the TSA. Finance believes the language in the TSA needs to be clarified. Therefore, Finance will draft revised language and will work with the federal FMS to incorporate the revision in the next TSA. Finance anticipates this will be accomplished by June 2009.

5. Clearance Patterns

Finance agrees that the methodology used by the SCO to develop clearance patterns has not been adequately reviewed and verified. Finance stated that, in January 2008, it verified the SCO's methodology. However, it did not adequately verify that the computer programming is consistent with the proper methodology. Therefore, Finance will take the following actions: (1) develop a certification form that incorporates a description of the methodology contained in the written documentation, which will be provided to the SCO with a request to certify that this methodology was used for developing the clearance patterns; (2) establish an agreement with the SCO that when requested by Finance, the SCO will provide the certification, the clearance pattern reports, and a copy of the computer programming that produces the reports; and (3) establish a process for Finance's Information Services staff to review the computer programming and verify that the programming is consistent with the methodology contained in the TSA. Finance anticipates these actions will be accomplished by May 2009.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Reference Number:	2008-2-12
Federal Program Title:	All Programs
Category of Finding:	Allowable Costs
State Administering Department:	Department of Finance (Finance)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87)

Appendix C to Part 225—State/Local-Wide Central Service Cost Allocation Plans

E. Documentation requirements for submitted plans

1. General. All proposed plans must be accompanied by the following: an organization chart sufficiently detailed to show operations including the central service activities of the State/local government whether or not they are shown as benefiting from central service functions; a copy of the Comprehensive Annual Financial Report (or a copy of the Executive Budget if budgeted costs are being proposed) to support the allowable costs of each central service activity included in the plan; and a certification that the plan was prepared in accordance with this and other appendices to this part, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities.
3. Billed services
 - (b) Internal service funds.
 - (1) For each internal service fund or similar activity with an operating budget of \$5 million or more, the plan shall include: a brief description of each service; a balance sheet for each fund based on individual accounts contained in the

governmental unit's accounting system; a revenue/expenses statement, with revenues broken out by source, e.g., regular billings, interest earned, etc.; a listing of all non-operating transfers (as defined by Generally Accepted Accounting Principles (GAAP)) into and out of the fund; a description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined; a schedule of current rates; and, a schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this Circular, with an explanation of how variances will be handled.

G. Other Policies

5. Records retention. All central service cost allocation plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the records retention requirements contained in the Common Rule.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.42—Retention and Access Requirements for Records

- (b) Length of retention period. (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c).
- (c) Starting date of retention period:
 - (4) Indirect cost rate proposals, cost allocation plans. This paragraph applies to the following types of documents, and their support records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).
 - (i) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation purposes, then the 3-year retention period for its supporting records starts from the date of such submission.
 - (ii) If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the 3-year retention period for the proposal plan, or computation and its supporting records starts from the end of the fiscal (or other accounting period) covered by the proposal, plan, or other computation.

Condition

Each year, Finance prepares and submits California's statewide cost allocation plan to the U.S. Department of Health and Human Services for approval. A statewide cost allocation plan is used to recover a portion of the State's costs for administering federal programs. Finance requires central service agencies, those state agencies providing general administrative services to all state departments, to report expenditure and workload information that it then uses to develop the statewide cost allocation plan. Specifically, Finance requires the central service agencies to report actual expenditures from a prior year, estimated expenditures for the current plan year, and workload data.

Finance uses an Access database to perform complex calculations and generate reports to prepare the statewide cost allocation plan. We found that it was sometimes difficult to obtain explanations from a Finance staff member regarding differences in the amounts for the various Access-generated reports, which also required extra work on the part of Finance staff. The assistant chief of Finance's fiscal systems and consulting unit agreed that the Access database programming is not adequately

documented. He also stated that although Finance is able to generate reports using Access, the programming is difficult to understand. Further, he stated that because Access does not have the capability to track changes and identify those queries or macros that were run or not run, it is difficult to identify and explain errors. In addition, he stated that Finance is working with an analyst with expertise in Excel and Access to analyze the Access database and create an Excel spreadsheet that will replace the database. The analyst will also document the steps taken to create the Excel spreadsheet, which will be more easily supportable and will enable Finance to more easily identify and correct errors. Until Finance replaces its Access database with the Excel spreadsheet, it will continue to experience difficulty in identifying and correcting differences that may exist in the Access-generated reports.

Finally, we found that Finance did not submit the required information with its proposed cost allocation plan. Specifically, federal regulations require Finance to submit an organization chart sufficiently detailed to show operations of the central service activities. However, Finance did not submit this organization chart. Also, one department responsible for an internal service fund function did not include a balance sheet in its annual report as required. Instead, the department included a Statement of Change in Fund Balance. Federal regulations require that the annual report include a balance sheet based on individual accounts contained in the governmental unit's accounting system. Both Finance and the department responsible for the internal service fund were unaware of the error until we informed them that the incorrect document was submitted. Thus, Finance is not ensuring that it and the departments responsible for internal service funds are complying with the federal regulations and providing the U.S. Health and Human Services with complete information to render its approval of the statewide cost allocation plan.

Questioned Costs

Unknown

Recommendations

Finance should continue its efforts to work with an analyst to analyze the Access database and create an Excel spreadsheet that will replace the database so that it can more easily identify, explain, and correct errors. Finance should also ensure that it submits all documentation required for the statewide cost allocation plan, including the annual reports for internal service funds.

Department's View and Corrective Action Plan

1. Difficulty Identifying, Explaining, and Correcting Errors

Finance concurs with this finding. In November 2008, Finance staff began the development of an Excel spreadsheet to replace the Access database that performs the SWCAP allocations. Current plans are to begin testing and running the new spreadsheet parallel to the existing database for the 2010–11 cost allocation. Finance will create adequate documentation as an integral part of developing the new spreadsheet.

2. Submission of Required Information with Proposed Cost Allocation Plan

Finance concurs with this finding. Finance stated that its staff will ensure that all required documentation for the statewide cost allocation plan is submitted. Finance also stated that one additional staff person will be redirected to assist with the coordination of the large volume of information required to be submitted to the federal government.

U.S. OFFICE OF MANAGEMENT AND BUDGET

Reference Number:	2008-13-24
Federal Program:	All programs subject to OMB Circular A-133
Category of Finding:	Subrecipient Monitoring
State Administering Department:	State Controller's Office (SCO)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

STATE ADMINISTRATIVE MANUAL, Section 20070—Federal Pass-Through Funds

The OMB Circular A-133, Subpart D describes the responsibilities of federal agencies and pass-through entities. Specifically, Section .400(d) prescribes the responsibilities of a pass-through entity for the federal awards it makes.

To ensure that the State of California carries out its responsibilities in accordance with this federal act, the following procedures shall apply:

2. The SCO will coordinate single audit compliance with local governments.
 - a. Each state entity will monitor the federal funds it disburses to local governments to ensure compliance with federal laws and regulations. State entities will receive local government audit reports performed in accordance with the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156 from the SCO when the audit report includes a schedule of findings and questioned costs with respect to federal funds that were passed through state entities. In addition, the SCO will distribute the single audit reports to state entities when the prior fiscal year's single audit report included audit findings related to federal funds. The state entity will review these reports and evaluate the corrective action plans submitted in response to findings of noncompliance.
 - b. All contracts or agreements issued by state entities concerning disbursement of federal funds to local government will include the requirement for an audit in accordance with P.L. 104-156 and amendments.
 - c. The SCO will inform units of local government to submit copies of audit reports and corrective action plans, when warranted, prepared in accordance with P.L. 104-156 and amendments directly to the SCO.
 - d. The SCO will distribute copies of each audit report and corrective action plan to state entities affected by audit findings.

- e. State entities will follow up on audit findings pertaining to federal programs, which they administer, and the SCO will follow up on general findings such as those relating to internal control.
- f. The SCO will review and monitor the audit reports issued by external independent auditors. The SCO will determine whether or not the audit reports conform to *Government Auditing Standards*.

Condition

During our audit we found that some state departments are not issuing management decisions on audit findings within six months after the State receives the local governments' audit reports. Consequently, the State cannot ensure that local governments are taking timely and appropriate corrective action to address the audit findings.

The State has established a process that requires local governments such as counties to submit their audit reports to the SCO. If the local governments' audit report includes a schedule of findings and questioned costs with respect to federal funds, the SCO must forward copies of the report and corrective action plan to state entities affected by the audit findings. Specifically, upon receipt of the local governments' audit reports, the SCO screens the reports to determine if more than \$500,000 in federal funds was spent and if the report contains all of the required elements. The next step in the SCO's process is to review the reports and perform procedures to determine if it should return the report due to missing information, reject the report due to noncompliance with the applicable reporting standards and requirements, or accept (certify) the report. Once the SCO certifies the report, it sends a copy of the acceptance letter and audit report(s) to the appropriate state agencies. Although this is the process established by the SCO, the State does not require it to certify the reports before forwarding them to the appropriate agencies.

During fiscal year 2007–08, we reviewed the status of local government audit reports issued for fiscal year ended June 30, 2007. OMB Circular A-133 requires each auditee to submit an audit report and a data collection form to the OMB's clearing house within the earlier of 30 days after their receipt of the auditor's report or nine months after the end of the audit period, unless they have received an extension from their federal cognizant or oversight agency. We found that, for 26 of the 58 counties, the SCO took between 1.2 months and 9.2 months to certify the reports before sending them to the appropriate state agencies. Additionally, as of December 2008, the SCO had not certified the audit reports for 29 counties because the reports were either rejected or pending rejection. These reports have been held by the SCO and not forwarded to the appropriate state agencies for roughly 7.6 months. The SCO stated that, in response to the President's Council on Integrity and Efficiency's report titled *Report on National Single Audit Sampling Project* issued in June 2007, it revised its review process, which resulted in it rejecting a higher number of OMB Circular A-133 audit reports.

The SCO also stated that its process has been in place since 1984. Further, the SCO stated that it believes the local governments' OMB Circular A-133 audit reports are not valid until it completes its certification process. Finally, the SCO stated that forwarding the OMB Circular A-133 audit reports to the appropriate state agencies before certifying them would create a duplication of its efforts. Nevertheless, the SCO's decision to certify the audit reports before forwarding them to the state agencies prevents the State from meeting the six-month requirement for issuing management decisions.

Questioned Costs

Not applicable.

Recommendations

The SCO should improve its process for forwarding the local governments' audit reports to the appropriate state agencies so that the State can meet the six-month requirement for issuing management decisions.

The SCO should also work closely with the state agencies by informing them of how much time they have to issue the management decisions once they receive the audit. For example, if the SCO takes two months to forward the report, the state agencies have only four months to issue their decisions.

Finally, the SCO should work closely with the Department of Finance to evaluate the process outlined in the *State Administrative Manual* for complying with OMB Circular A-133 Section .400. If the State believes that the SCO must certify the local governments' OMB Circular A-133 audit reports before forwarding them to the appropriate state agencies, the SCO should obtain a waiver from the six-month requirement for issuing the management decisions from the State of California's federal cognizant agency, the U.S. Department of Health and Human Services.

Department's View and Corrective Action Plan

The SCO provided the following response:

Since the inception of the Single Audit Program in 1984, the federal government has designated the SCO as the "cognizant agency" for single audits of California local governments receiving federal funds that "pass-through" various state departments. Under OMB Circular A-133, the cognizant agency's responsibilities include but are not limited to:

Providing technical audit advice and liaison to auditees and auditors.

Advising the auditor and, where appropriate, the auditee of any deficiencies found in the audits when the deficiencies require corrective action by the auditor. When advised of deficiencies, the auditee should work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency for the audit should notify the auditor, the auditee, and the applicable federal awarding agency(ies) and pass-through entities of the facts and make recommendations for follow-up action. Significant deficiencies or on-going performance issues by auditors will be referred to appropriate state licensing agencies and professional bodies for disciplinary action.

Coordinating a management decision for audit findings that affect the federal programs of more than one federal agency.

The cognizant agency role is a federal function delegated to the SCO by the federal Department of Health and Human Services. The SCO's decision to assume this role was in part motivated by the desire to simplify and streamline the duties and responsibilities of numerous state pass-through agencies with respect to meeting federal audit requirements. After extensive discussions between the SCO, the California Department of Finance, and the former Auditor General's Office during meetings of the AB 861 Committee, which is no longer active, a decision was made to establish a single audit oversight function within the SCO to review and certify all audit reports before forwarding such reports to the state pass-through agencies for appropriate action.

The SCO has always operated under the premise that the federal six-month requirement for pass-through agencies to issue a management decision on audit finding starts when the state pass-through agency receives the certified audit report from the SCO. The Audit Finding Resolution letter that the SCO sent to the pass-through agencies includes a statement that the agencies have six months to resolve audit findings. Thus, the state pass-through agencies know that the audits performed are acceptable to the federal government before having to take corrective measures. Over the past 25 years, the SCO single audit oversight function and processes have been repeatedly reviewed by various federal departments as well as the Bureau of State Audits (BSA) and there never have been

any questions or concerns raised with respect to this issue. Therefore, the SCO continues to believe that the six-month requirement starts when the pass-through agencies receive the certified audit report from the SCO.

In light of the questions raised by this BSA audit, the SCO is seeking a clarification from officials of the OMB. The SCO will share the OMB's response with the BSA.

Thank you for the opportunity to respond to this finding.

Blank page inserted for reproduction purposes only.

Compliance and Internal Control Issues Related to Specific Grants Administered by Federal Departments

Blank page inserted for reproduction purposes only.

Bureau of State Audits

Blank page inserted for reproduction purposes only.

U.S. DEPARTMENT OF DEFENSE

Reference Number:	2008-1-9
Federal Catalog Number:	12.401
Federal Program Title:	National Guard Military Operations and Maintenance (O & M) Projects
Federal Award Numbers and Years:	W912LA-08-02; 2008 W912LA-07-02; 2007
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Military Department (Military)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87)

Appendix B to Part 225—Selected Items of Cost

- (h) Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.
 - (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
 - (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award,
 - (b) A Federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.
 - (5) Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.
 - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

- i. The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - ii. At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - iii. The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.
- (6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.
 - (7) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

Condition

Military lacks internal controls that would allow it to prevent and/or detect instances when personnel costs are being inappropriately charged to this federal program. At the time when it creates a new position, or when a new employee fills an existing position, Military reviews the associated job duties and decides whether charging this federal program is allowable. However, Military lacks a process to identify instances when personnel, who are funded by this federal program, may no longer be working on allowable activities.

Further, we noted that Military did not comply with the requirements of OMB Circular A-87. Specifically, Military does not have adequate documentation to support personnel costs it charged to the federal fiscal year 2007 and 2008 awards. We reviewed a sample of monthly personnel expenditures for 30 individuals amounting to more than \$260,000. In each case we noted the lack of documentation—such as certifications or personnel activity reports—that are required under OMB Circular A-87. Although the personnel costs were associated with time sheets, these time sheets did not describe what activities the employee worked on for the stated time period.

According to the United States Property and Fiscal Officer (USPFO)—the federal representative in California who has oversight over this program—employees charging time to the federal program but spending incidental amounts of time on state projects is acceptable. The USPFO defines “incidental time” as less than 25 percent. However, without the personnel activity reports required under OMB Circular A-87, it is unclear how Military can comply with the USPFO's guidance. Further, Section 304 of the Master Cooperative Agreement between Military and the Department of Defense states that the allowability of costs shall be determined according to the terms and conditions of OMB Circular A-87.

Questioned Costs

Our sample of monthly personnel expenses for 30 employees amounted to more than \$260,000. Overall, personnel expenses accounted for more than \$31 million—or approximately 55 percent—of \$56.8 million in program expenditures between July 1, 2007, and June 30, 2008.

Recommendations

Military should establish procedures that would allow it to prevent or detect instances when employees, who are funded under the federal program, are no longer working on allowable activities. Further, Military should implement procedures to ensure that it documents its personnel costs in accordance with OMB Circular A-87.

Department’s View and Corrective Action Plan

Military stated that it is implementing a process to certify federally funded employees on their duties associated with their positions. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. When an employee works on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The certifications will be conducted and completed during the months of June and December each year and attached to the employees’ monthly time sheets.

Reference Number:	2008-8-7
Federal Catalog Number:	12.401
Federal Program Title:	National Guard Military Operations and Maintenance (O & M) Projects
Federal Award Numbers and Years:	W912LA-07-02; 2007 W912LA-06-02; 2006
Category of Finding:	Period of Availability
State Administering Department:	Military Department (Military)

Criteria

NATIONAL GUARD BUREAU MASTER COOPERATIVE AGREEMENT (MCA), Section 306—
 Fiscal Year Close-out and Settlement

- a. Within 90 days after the end of the [federal] fiscal year or upon termination of the [cooperative agreement], whichever is earlier, the State shall promptly deliver to the [United States Property and Fiscal Officer] USPFO, as a representative of [National Guard Bureau] NGB, a final accounting of all funding and disbursements under the agreement for the fiscal year. After completion of the State’s final accounting, the USPFO shall make a final settlement of the total NGB contribution for that fiscal year.
- b. If unliquidated claims and undisbursed obligations arising from the State’s performance of the agreement will remain 90 days or longer after the close of the fiscal year, the State shall provide a detailed listing of uncleared obligations and a projected timetable for their liquidation and disbursement no later than 31 December. The USPFO shall then set an appropriate new timetable for the State to submit its final accounting.

Condition

Military did not include estimated liquidation dates for uncleared obligations on its report of outstanding obligations to the USPFO for the federal fiscal year 2006 and 2007 grants. Specifically, in its January 2008 report to the USPFO, Military did not provide estimated liquidation dates for over \$37,000 in uncleared obligations from the 2006 award and more than \$1.2 million from the 2007 award. According to the accounting section supervisor who is responsible for preparing the reports, Military staff lacks adequate time to gather the missing information before the submission deadline and explained that the USPFO has not had concerns with the lack of this information and has continued to accept these reports. The USPFO informed us that he did not believe that knowing the estimated liquidation dates is critical and the report is acceptable without the required estimated liquidation dates. However, Section 703 of the MCA states any modifications to the MCA must be in writing and executed by both parties. Our review found no modification to this requirement.

Questioned Costs

Not applicable.

Recommendations

Military should include estimated liquidation dates on its report of outstanding obligations for federal awards as required under the MCA. Otherwise, Military and the USPFO should execute a modification to the MCA to omit this requirement.

Department's View and Corrective Action Plan

Military has completed its report of outstanding obligations for federal awards as required under the MCA and has included the estimated liquidation dates.

U.S. DEPARTMENT OF EDUCATION

Reference Number:	2008-1-6
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants to Infants and Families with Disabilities
Federal Award Numbers and Years:	H181A070037; 2007 H181A060037; 2006
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Developmental Services (Developmental Services)

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Condition

Developmental Services does not have an adequate internal control process in place to assure that the expenses incurred by regional centers are only for allowable activities and costs. Specifically, the regional centers' reimbursement claims lack the necessary detail to allow Developmental Services staff who approve them to determine whether the claims include only allowable activities and costs covered under the program. Regional centers submit summary-level claims that include only two amounts—a total for operations and a total for purchase of services. However, the regional centers did not submit additional source documentation to support the \$31.9 million they were paid during fiscal year 2007–08. Consequently, we are unable to determine if Developmental Services is in compliance with this requirement.

This is a repeat finding. According to the chief of its Early Start Section, Developmental Services is implementing a new regional center invoicing process that will become effective in fiscal year 2008–09. Specifically, this new process will require staff to check the regional centers' reimbursement claim amounts against a monthly file generated from their Uniform Fiscal System (UFS). Additionally, according to the manager of its Audits Branch, Developmental Services' auditors review UFS data during their audits of the regional centers. However, until the new process is implemented, Developmental Services cannot be certain the federal funds are being used to reimburse only allowable activities and costs.

Questioned Costs

Unknown

Recommendations

Developmental Services should implement procedures to ensure that regional centers are using federal funds for only allowable activities and costs.

Developmental Services should also continue to require its auditors to review UFS data during their audits of the regional centers.

Department's View and Corrective Action Plan

Developmental Services stated that, as discussed with the auditors, it is in the final stages of completing the design and implementation of a process for both regional center staff to bill for allowable services and for its program staff to have the capability to monitor and assure that only allowable service claims are reimbursed.

Developmental Services also stated it will require that regional center claims for services that are submitted to it include more detail to ensure that only allowable services are billed and that claims to it be based on monthly totals. Program staff currently have the capability to monitor total monthly service expenditures by service category and by regional center. The new process will give program staff the ability to "drill down" to individual consumer service data through its UFS if claim activity indicates possible billing for unallowable costs. Regional center claim amounts will be reduced for any services determined unallowable. This process is expected to be completed and implemented before the end of fiscal year 2008–09.

Reference Number:	2008-1-7
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants for Infants and Families with Disabilities
Federal Award Numbers and Years:	H181A070037; 2007 H181A060037; 2006
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Developmental Services (Developmental Services)

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.36—Procurement

- (a) States. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

CALIFORNIA STATE CONTRACT MANUAL, CHAPTER 9—CONTRACT MANAGEMENT, Section 9.04—Responsibilities of the Contract Manager

- (A) Typical responsibilities of the contract manager are as follows:
- (9) Review and approve invoices for payment to substantiate expenditures for work performed and to prevent penalties being assessed under GC § 926.17.

Condition

Developmental Services does not have an adequate internal control process in place to assure that expenses incurred by one of its vendors, WestEd, are only for allowable activities and costs. Specifically, WestEd, a nonprofit vendor that provides program support, submits monthly invoices to Developmental Services that contain totals for its expenses related to personnel, consultants, travel, operations, and administration management. Developmental Services paid WestEd \$2.7 million during fiscal year 2007–08. However, WestEd did not submit supporting documentation with its invoices that would allow Developmental Services staff who approve the invoices to make an informed assessment about whether the costs claimed are for allowable activities. Consequently, we are unable to determine if Developmental Services is in compliance with this requirement.

This is a repeat finding. According to the chief of its Early Start Section, Developmental Services is in the process of implementing a new invoicing process for West Ed that will require it to provide supporting documentation for amounts shown on the invoices. This new process will become effective in fiscal year 2008–09. However, until the new process is implemented, Developmental Services cannot assure that federal funds are spent only for allowable activities and costs.

Questioned Costs

Unknown

Recommendation

Developmental Services should implement its plans to require WestEd to submit detailed supporting documentation with its invoices so that the department can assure that only allowable activities and costs will be funded by the federal grant.

Department’s View and Corrective Action Plan

Developmental Services stated that, as indicated in its response to the previous year’s findings, its program and audit staff worked with WestEd to amend the contract so that program and audit staff can assure that only activities and costs allowed are reimbursed. Specifically, the contract between it and WestEd was amended to include the following language:

“Beginning in August 2008, Contractor shall submit monthly invoices with year-to-date expenditures to the State Project Representative. The expenditure reports shall indicate staff and consultant activities, expenditures under this contract by line item for the reporting period, scholarship fund status, and the total contract budget status. Labor reports will be submitted monthly and will include employee name and hours expended on the project tasks. An annual budget reconciliation report will be submitted by August 30, 2009, and August 30, 2010, in a format approved by the State.”

Reference Number:	2008-1-10
Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities—State Grants (SDFSC)
Federal Award Numbers and Years:	Q186B070005; 2007 Q186B060005; 2006
Category of Finding:	Activities Allowed/Allowable Costs; Subrecipient Monitoring
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 20—EDUCATION, CHAPTER 70—STRENGTHENING AND IMPROVEMENT OF ELEMENTARY AND SECONDARY SCHOOLS, SUBCHAPTER IV—21ST CENTURY SCHOOLS, PART A—SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES, Subpart 1—State Grants, Section 7112—Reservation of State Funds for Safe and Drug-Free Schools

(a) State reservation for the chief executive officer of a State

(5) Use of Funds

Grants and contracts under this section shall be used to implement drug and violence prevention activities, including—

- (A) activities that complement and support local educational agency activities under section 7115 of this title, including developing and implementing activities to prevent and reduce violence associated with prejudice and intolerance;
- (B) dissemination of information about drug and violence prevention; and
- (C) development and implementation of community-wide drug and violence prevention planning and organizing.

TITLE 20—EDUCATION, CHAPTER 70—STRENGTHENING AND IMPROVEMENT OF ELEMENTARY AND SECONDARY SCHOOLS, SUBCHAPTER IV—21ST CENTURY SCHOOLS, PART A—SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES, Subpart 4—General Provisions, Section 7164—Prohibited Uses of Funds

No funds under this part may be used for—

- (1) construction (except for minor remodeling needed to accomplish the purpose of this part); or
- (2) medical services, drug treatment or rehabilitation, except for pupil services or referral to treatment for students who are victims of, or witnesses to, crime or who illegally use drugs.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Condition

ADP does not ensure that SDFSC expenditures are made only for allowable activities and costs. ADP requires its county subgrantees to submit a claim form and a progress report with copies of invoices for its subrecipients or vendors. ADP also requires its noncounty subgrantees to submit invoices and progress reports.

ADP lacks proper segregation of duties for reviewing and approving claims for payment because its program manager does not review claims submitted by its subgrantees and reviewed by its analysts before they are submitted to ADP's accounting office for payment. Additionally, in its grant administrative manual, ADP states that its analysts may choose to review subgrantee purchase records

for large budget items, but should not review lengthy records of routine expenditures such as payroll, local mileage logs, or minor office supplies. Consequently, our review of 45 claims and invoices found only 18 that had adequate documentation to support a portion of the subgrantees' expenditures.

Moreover, although ADP's policy is to conduct site visits for its subgrantees once within the grant period, the primary outcome of the site visit is not to ensure that financial records support expenditures claimed. Thus, ADP does not use its site visits to ensure that the claims and invoices submitted by the subgrantees include only allowable activities and costs. Further, ADP did not conduct any site visits during fiscal year 2007–08.

We reported a similar finding last year. Until ADP establishes policies and procedures to periodically review detailed supporting documentation, it cannot ensure that activities and costs reported on invoices or claim forms are only for allowable activities and costs.

Questioned Costs

\$1,299,697 of the \$1,610,358 sampled.

Recommendation

ADP should establish policies and procedures to ensure that federal awards are expended for only allowable costs and activities.

Department's View and Corrective Action Plan

ADP stated that, as the Bureau of State Audits notes, a similar finding was reported last year. ADP is in the process of resolving this issue with the United States Department of Education.

Reference Number:	2008-2-6
Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities—State Grants (SDFSC)
Federal Award Numbers and Years:	Q186B070005; 2007 Q186B060005; 2006
Category of Finding:	Activities Allowed/Allowable Costs; Earmarking
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 20—EDUCATION, CHAPTER 70—STRENGTHENING AND IMPROVEMENT OF ELEMENTARY AND SECONDARY SCHOOLS, SUBCHAPTER IV—21ST CENTURY SCHOOLS, PART A—SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES, Subpart 1—State Grants, Section 7112(a)—State Reservation for the Chief Executive Officer of a State

- (6) Administrative Costs. The chief executive officer of a State may use not more than 3 percent of the amount described in paragraph (1) for the administrative costs incurred in carrying out the duties of such officer under this section.

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87)

Appendix B to Part 225 — Selected Items of Cost

8. Compensation for personnel services
 - h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.
 - (5) Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.

Condition

ADP needs to improve its controls to ensure that its accounting records match the hours recorded on its employees' time sheets. ADP monitors employee time sheets to ensure that it remains below the 3 percent cap for administrative expenses. ADP uses two program cost account (PCA) codes to charge state operations activities related to the SDFSC grant. Administrative activities are charged to PCA 52021, while program activities are charged to PCA 52020. Each month, employees sign and submit their completed time sheets to their supervisor, who approves the hours.

Our review of 10 employee time sheets found two instances in which ADP's accounting records did not agree with the time reported on employees' time sheets. Specifically, in one instance ADP's accounting records showed that the employee had charged 139 hours to PCA 52020, but the time sheet indicated that the employee had charged 128 hours to PCA 52020 and 11 hours to PCA 52021. This error occurred because, although the employee indicated that she worked 11 hours on administrative activities during the month, she incorrectly identified the PCA for these activities as 52020. Consequently, ADP overcharged the costs associated with its program activities and undercharged the costs associated with administration of the program. In the other case, the employee did not accurately total the hours she worked on various activities, which caused ADP's accounting staff to charge 3.23 additional hours to the SDFSC grant PCA instead of the federal Block Grants for Prevention and Treatment of Substance Abuse (SAPT). Both of these time sheets had been certified by the employee and approved by the supervisor. Inaccurate reporting by employees and the lack of effective controls regarding the allocation of employee hours increase ADP's risk of noncompliance with the limit on administration costs for the SDFSC grant and inappropriate charges to the SAPT grant.

We reported a similar finding in the prior year's audit report.

Questioned Costs

Of the \$35,639.09 sampled, \$653 was overcharged.

Recommendations

ADP should establish a quality control process to ensure it accurately charges payroll costs to the federal programs it administers. Additionally, ADP should promptly make adjustments for any discrepancies that come to its attention.

Department's View and Corrective Action Plan

ADP stated that it concurs with the auditors' findings. ADP will establish and document procedures for processing monthly time sheets to ensure their accuracy and timely submission. ADP will also conduct training sessions for its managers and timekeepers to emphasize and review their responsibilities and the procedures. Its accounting office will review late time sheets and enter adjusted time sheets, when necessary. Finally, ADP plans to have in place by December 2009 an automated time sheet, which will resolve the allocation issues.

Reference Number:	2008-7-11
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants for Infants and Families with Disabilities
Federal Award Numbers and Years:	H181A070037; 2007 H181A060037; 2006
Category of Finding:	Level of Effort—Maintenance of Effort
State Administering Department:	Department of Developmental Services (Developmental Services)

Criteria

TITLE 34—EDUCATION, PART 303—EARLY INTERVENTION PROGRAM FOR INFANTS AND TODDLERS WITH DISABILITIES, Subpart B—State Application for a Grant, Statement of Assurances, Section 303.124—Prohibition Against Supplanting

- (a) The statement must include an assurance satisfactory to the Secretary that Federal funds made available under this part will be used to supplement the level of State and local funds expended for children eligible under this part and their families and in no case to supplant those State and local funds.
- (b) To meet the requirement in paragraph (a) of this section, the total amount of State and local funds budgeted for expenditures in the current fiscal year for early intervention services for children eligible under this part and their families must be at least equal to the total amount of State and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowance may be made for—
 - (1) Decreases in the number of children who are eligible to receive early intervention services under this part; and
 - (2) Unusually large amounts of funds expended for such long-term purposes as the acquisition of equipment and the construction of facilities.

Condition

Developmental Services refers to the Special Education—Grants for Infants and Families With Disabilities program as the Early Start program. During fiscal year 2007–08, Developmental Services did not have controls in place to prevent or detect the supplanting of state and local funds with federal funds for the Early Start program. Further, Developmental Services did not provide sufficient information to demonstrate its compliance with the Early Start program's maintenance of effort (MOE) requirement. Specifically, Developmental Services does not separately budget the state funds it plans to spend at the regional centers for serving eligible children and their families in the program. Instead,

state funds are budgeted to the regional centers to serve various clients—those in the Early Start program as well as those who receive assistance through other programs. Developmental Services also cannot determine “the total amount of State and local funds actually expended for early intervention services for these individuals and their families in the most recent preceding fiscal year” because the General Fund expenditures are coded to a program cost account code that does not specifically identify charges paid with state funds for the Early Start program. Consequently, we are unable to determine if Developmental Services is in compliance with this requirement.

This is a repeat finding. According to Developmental Services, it is in the process of revising its procedures related to the MOE requirement, and these procedures will become effective in fiscal year 2008–09. For example, to determine the total amount of state funds actually expended, regional centers will only receive federal Early Start funds for reimbursement of their purchase of services. Developmental Services believes that it will be able to use the regional centers’ Uniform Fiscal System (UFS) to calculate the actual amount of purchase of service (POS) expenditures for Early Start because the system associates services with individual consumers. Developmental Services procedures also use the actual amount of expenditures from UFS to determine if it has a sufficient amount of state funds budgeted for the MOE requirement.

Until Developmental Services uses a consistent and accurate methodology for calculating the MOE requirement and can document the amount of state and local funds budgeted for the Early Start program, it cannot demonstrate that it is in compliance with this requirement.

Questioned Costs

Unknown

Recommendations

Developmental Services should implement procedures to annually establish a budget that includes the total amount of state and local funds to be spent on the program. Developmental Services should also implement procedures related to documenting the amount of state and local funds spent on regional centers’ purchase of services expenditures for the program’s eligible children and their families.

Department’s View and Corrective Action Plan

Developmental Services stated that to ensure continuity of its budgetary process, the budget for the Early Start program will be established as separate components of 10 programmatic service budget categories and associated operational funding. The Early Start program POS budget will be calculated as a percentage of each budget category attributable to infants and toddlers in the Early Start program, as set by the prior-year expenditures for these consumers in that budget category. This percentage will be applied to the enacted total POS budget, adjusted for caseload and utilization growth. The Early Start program operations budget will be calculated through the application of a “core staffing” formula specific to the Early Start program caseload and the allocation of related support and managerial staffing and other related costs.

Developmental Services also stated that for purposes of demonstrating that California has met the MOE requirements, it will compare the Early Start budget, as established above, to the prior-year expenditures in the program, taking into consideration the federal grant amount.

Reference Number:	2008-8-8
Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities—State Grants (SDFSC)
Federal Award Numbers and Years:	Q186B060007; 2007 Q186B050006; 2006 Q186B050005; 2005
Category of Finding:	Period of Availability
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 20—EDUCATION, CHAPTER 31—GENERAL PROVISIONS CONCERNING EDUCATION, SUBCHAPTER II—APPROPRIATIONS AND EVALUATIONS, PART 1— APPROPRIATIONS, Section 1225—Availability of Appropriations on Academic or School-Year Basis; Additional Period for Obligation of Funds

- (b) Succeeding fiscal year
 - (1) Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this subsection, any funds from appropriations to carry out any programs to which this chapter is applicable during any fiscal year, which are not obligated and expended by educational agencies or institutions prior to the beginning of the fiscal year succeeding the fiscal year for which such funds were appropriated shall remain available for obligation and expenditure by such agencies and institutions during such succeeding fiscal year.
 - (2) Any funds under any applicable program which, pursuant to paragraph (1), are available for obligation and expenditure in the year succeeding the fiscal year for which they were appropriated shall be obligated and expended in accordance with—
 - (A) the Federal statutory and regulatory provisions relating to such program which are in effect for such succeeding fiscal year, and
 - (B) any program plan or application submitted by such educational agencies or institutions for such program for such succeeding fiscal year.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.23—Period of Availability of Funds

- (a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.
- (b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee.

Condition

ADP lacks written procedures to ensure that it uses SDFSC funds only during the authorized period of availability. Moreover, ADP did not consistently follow the procedures it described to us for ensuring that the federal funds for the SDFSC grant are in compliance with the period of availability requirement.

Specifically, ADP's program analysts initiate payments to its subgrantees and are to include on the counties' quarterly claim forms the appropriate federal grant award and amount to charge prior to sending the forms to the accounting unit. However, one of the 45 claims we tested indicated that the total amount payable should be split between the 2005 and 2006 federal grants, but it did not indicate how much to charge to each federal grant. Without this information the risk of charging the incorrect federal grant increases.

Further, we found that ADP liquidated two obligations outside of the allotted liquidation time period. Specifically, the liquidation period for the 2005 grant ended on December 31, 2007. However, ADP made two payments totaling \$6,060 on January 9, 2008.

Questioned Costs

\$6,059.83

Recommendations

ADP should update its grants administrative manual to include the procedures it uses to ensure compliance with the SDFSC federal period of availability requirements. ADP should also ensure that those individuals responsible for reviewing and approving the subgrantees' quarterly claim forms identify the correct federal award and amounts to charge. Finally, ADP should ensure it liquidates funds within the allotted time period.

Department's View and Corrective Action Plan

ADP stated that the "questioned costs" of \$6,059.83 were expenses incurred within the period of availability for the 2005 award and that they were processed for payment prior to the December 31, 2007, liquidation date. The claims were submitted to the State Controller's Office (SCO) for payment on December 21, 2007, and the funds were drawn from the federal Department of Education on December 24, 2007. The January 9, 2008, date was the date that SCO issued the warrants.

Auditor's Comments on Department's View

Although ADP correctly states that it drew down federal funds and processed the claims for payment before the end of the period of availability for liquidation, the payment occurred outside the period of availability for liquidation. The federal Department of Education's June 5, 2007, policy memorandum on the extension of liquidation periods states that a grantee must liquidate (or make final payment on) all obligations incurred under an award not later than 90 days after the end of the obligation period. Because ADP made the two payments more than 90 days after the end of the period of availability for obligation, it did not comply with the period of availability requirement for liquidation.

Reference Number:	2008-13-17
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants for Infants and Families with Disabilities

Federal Award Numbers and Years: H181A070037; 2007
H181A060037; 2006

Category of Finding: Subrecipient Monitoring

State Administering Department: Department of Developmental Services
(Developmental Services)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

Condition

Developmental Services does not have an adequate internal control in place to assure that federal award identification information such as the Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award name, and federal agency name are communicated to subrecipients. Without the required information, Developmental Services cannot ensure that subrecipients understand and are aware of all relevant federal requirements governing the program.

According to assistant section chief of its Customer Support Section, Developmental Services implemented a new process in fiscal year 2008–09 that requires its program staff to complete a contract request form that contains the federal award information before sending the request to its contract unit staff.

Questioned Costs

Not applicable.

Recommendation

Developmental Services should implement its procedure that requires program staff to complete the new contract request form that includes the federal award identification information before sending it to its contract unit staff.

Department's View and Corrective Action Plan

Developmental Services stated that it revised its internal contracting forms and procedures to identify all contracts with subrecipients and to require all federal award information in all subrecipient contracts. The procedure was fully implemented in August 2008.

Reference Number:	2008-13-18
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants to Infants and Families with Disabilities
Federal Award Numbers and Years:	H181A070037; 2007 H181A060037; 2006
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Developmental Services (Developmental Services)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart B—Audits, Section .200—Audit Requirements

- (a) Audit required. Non-Federal entities that expend \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. Guidance on determining Federal awards expended is provided in Section .205.

Condition

Our review of Developmental Services' contracts with three of its 27 family resource centers unaffiliated with a regional center found that it incorrectly stated the threshold for them to have an audit in accordance with OMB Circular A-133 as \$300,000 instead of \$500,000. Until Developmental Service corrects this error, it may lead to these family resource centers unnecessarily obtaining OMB Circular A-133 audits.

Questioned Costs

Not applicable.

Recommendation

Developmental Services should revise its contracts with family resource centers to accurately reflect the threshold related to the OMB Circular A-133 audit requirement.

Department's View and Corrective Action Plan

Developmental Services stated that it will revise the contracts as soon as possible, but no later than June 30, 2009.

Reference Number:	2008-13-21
Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities—State Grants (SDFSC)

Federal Award Numbers and Years:	Q186B070005; 2007 Q186B060005; 2006
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133—*AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
 - (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

STATE ADMINISTRATIVE MANUAL, Section 20070—Federal Pass-Through Funds

The Federal Single Audit Act of 1984 as amended by the Single Audit Act Amendment of 1996 and amendments in conjunction with the OMB Circular A-133, defines a pass-through entity as a non-federal entity that provides a federal award to a subrecipient to carry out a federal program. The OMB Circular A-133, Subpart D describes the responsibilities of federal agencies and pass-through entities. Specifically, Section 400(d) prescribes the responsibilities of a pass-through entity for the federal awards it makes.

To ensure that the State of California carries out its responsibilities in accordance with this federal act, the following procedures shall apply:

- 2. The SCO will coordinate single audit compliance with local governments.
 - a. Each state entity will monitor the federal funds it disburses to local governments to ensure compliance with federal laws and regulations. State entities will receive local government audit reports performed in accordance with the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156 from the SCO when the audit report includes a schedule of findings and questioned costs with respect to federal funds that were passed through state entities. In addition, the SCO will distribute the single audit reports to state entities when the prior fiscal year's single audit report includes audit findings related to federal funds. The state entity will review these reports and evaluate the corrective action plans submitted in response to findings of noncompliance.
 - b. All contracts or agreements issued by state entities concerning disbursement of federal funds to local governments will include the requirement for an audit in accordance with P.L. 104-156 and amendments.

- c. The SCO will inform units of local government to submit copies of audit reports and corrective action plans, when warranted, prepared in accordance with P.L. 104-156 and amendments directly to the SCO.
- d. The SCO will distribute copies of each audit report and corrective action plan to state entities affected by audit findings.
- e. State entities will follow up on audit findings pertaining to federal programs, which they administer, and the SCO will follow up on general findings such as those relating to internal control.
- f. The SCO will review and monitor the audit reports issued by external independent auditors. The SCO will determine whether or not the audit reports conform to *Government Auditing Standards*.

Condition

Our review of ADP's award documents and contracts for five of its subgrantees found that ADP used an incorrect Catalog of Federal Domestic Assistance (CFDA) title. Specifically, ADP listed the grant as the "Safe and Drug-Free Schools and Communities."

Further, ADP did not follow its procedures for initiating written and verbal contact with those counties that had delinquent OMB Circular A-133 audits. The State Controller's Office (SCO) notifies state agencies of those local governments that are required to submit an OMB Circular A-133 audit but have not done so. The manager of ADP's audit services branch stated that the staff member who was responsible for OMB Circular A-133 audit follow-up was no longer performing this function as of October 2006. Although the position was filled in October 2007, ADP did not initiate written or verbal contact with the six counties that had delinquent OMB Circular A-133 audits. ADP's general auditor responsible for initiating contact with counties with delinquent OMB Circular A-133 audits stated that ADP is waiting for the SCO to put out a final report listing all entities with delinquent OMB Circular A-133 audits before it initiates contact with any counties.

Questioned Costs

Not applicable.

Recommendations

ADP should institute procedures to ensure that it properly informs each subgrantee of the correct award information such as the CFDA title. ADP should also ensure that its staff follow up with subgrantees that have not submitted their OMB Circular A-133 audits as required.

Department's View and Corrective Action Plan

ADP stated that the SCO is the single audit oversight agency for most California local governments. Because the SCO is the first point of contact for ADP in the audit resolution process, it works closely with the SCO with regard to OMB Circular A-133 submissions. For the audits completed for fiscal year 2006–07, and as explained to the Bureau of State Audits (BSA) auditors, the SCO rejected some audits and granted a number of audit extensions to counties. These actions extended the date for the counties' audit report submission into the beginning of calendar year 2009. All the OMB Circular A-133 audits identified as delinquent in the BSA's audit report were included in those either rejected or extended by the SCO. However, the SCO has provided a final list, and ADP has conducted necessary follow-up.

The SCO is planning to make some procedural changes for the audits completed for fiscal year 2007–08, which will allow ADP to follow up with the counties in a more timely manner. ADP remains committed to working with the SCO in an effort to achieve a more efficient and timely process in meeting its OMB Circular A-133 audit requirements.

Auditor’s Comments on Department’s View

The SCO provided the BSA a list of counties whose OMB Circular A-133 audit reports were either missing, rejected, or pending rejection as of December 2008. During our review, ADP staff acknowledged that nothing had been done to follow up with the six subgrantees that received SDFSC funds and that were included on the SCO’s list until the BSA inquired about it in February 2009. Further, an ADP staff member indicated that based on her follow-up with the SCO after our inquiry, only one of the six subgrantees had an extension until January 31, 2009.

Reference Number:	2008-14-7
Federal Catalog Number:	84.032
Federal Program Title:	Federal Family Education Loans— Guaranty Agencies
Federal Award Number and Year:	None; State Fiscal Year 2007–08
Category of Finding:	Special Tests and Provisions
State Administering Department:	California Student Aid Commission (Student Aid)

Criteria

TITLE 34—EDUCATION, PART 682—FEDERAL FAMILY EDUCATION LOANS (FFEL) PROGRAM, Subpart D—Administration of the Federal Family Education Loan Programs by a Guaranty Agency, Section 682.414—Records, Reports, and Inspection Requirements for Guaranty Agency Programs

- (a) Records. (1)(i) The guaranty agency shall maintain current, complete, and accurate records of each loan that it holds, including, but not limited to, the records described in paragraph (a)(1)(ii) of this section. The records must be maintained in a system that allows ready identification of each loan’s current status, updated at least once every 10 business days. Any reference to a guaranty agency under this section includes a third-party servicer that administers any aspect of the FFEL programs under a contract with the guaranty agency, if applicable.

CALIFORNIA CODES, EDUCATION CODE, Section 69522, (a)(1)

The commission may establish an auxiliary organization for the purpose of providing operational and administrative services for participation by the commission in the Federal Family Education Loan Program, or for other activities approved by the commission and determined by the commission to be all of the following:

- (A) Related to student financial aid.
- (B) Consistent with the general mission of the commission.
- (C) Consistent with the purposes of the federal Higher Education Act of 1965 (Public Law 89-329) and amendments to that act.

Condition

EDFUND, Student Aid’s auxiliary organization, administers the FFEL Program and is required by its operating agreement with Student Aid to provide information security over Student Aid’s and EDFUND’s confidential data. However, in past years we found that EDFUND had not developed

adequate internal controls over its information systems to provide reasonable assurance that it keeps current, complete, and accurate records of each loan. Although EDFUND has addressed a number of the weaknesses in its controls over security management that we had identified in the past, it still needs to address others. Further, we found that EDFUND has not located its tape library in a separate, secure area and that the audit trail designed to capture changes made to sensitive data does not track certain types of transactions.

EDFUND has made significant progress in addressing the weaknesses we noted related to security management by fully implementing its entity-wide security program plan. However, weaknesses still exist with regard to security management. In June 2005, EDFUND hired a contractor that completed a security risk assessment. The security risk assessment identified and categorized a number of weaknesses. EDFUND has not addressed all of the high-risk and moderately high-risk findings. EDFUND is currently working on addressing the remaining high-risk and moderately high-risk findings. The lack of security management has the potential to result in insufficient protection of sensitive or critical computer records.

Further, EDFUND has not located its tape library in a separate, secure area with limited access. Specifically, we noted that various devices supporting mainframe and network systems, as well as EDFUND's tape library, are centrally located in the data center. Although a limited number of employees have physical access to all devices housed within the data center and most devices are protected by logical access controls, EDFUND's tape library is not. We observed tapes stored on open shelves and racks that do not lock. Failure to adequately secure EDFUND's tape library at the data center may allow unauthorized destruction of or access to sensitive data.

We previously reported that EDFUND allows a limited number of employees to make changes to sensitive data, even though these changes are not subject to the normal edits of its information system. In addition, we reported that EDFUND did not maintain a complete history or audit trail of the changes made to the data. In October 2007, EDFUND implemented a project designed to create an audit trail of such changes. However, the resulting audit trail still does not track certain types of transactions related to collections and accounting.

Questioned Costs

Not applicable.

Recommendations

Student Aid should ensure that EDFUND takes the following steps to maintain current, complete, and accurate records for each loan it holds:

- Address all of the high-risk and moderately high-risk findings in its security risk assessment.
- Physically secure its tape library or move it to a separate, secure area of its data center with limited access.
- Maintain a complete history or audit trail of all changes made to its data.

Department's View and Corrective Action Plan

Because the FFEL Program is administered by EDFUND on behalf of Student Aid, EDFUND management has provided the following response.

Security Risk Assessment Findings

EDFUND has an Enterprise Security Program in place, and as part of EDFUND's continuous improvement to the program, the six remaining high-risk and moderately high-risk findings from the 2005 risk assessment are on track to be completed by June 30, 2009.

Tape Library

A keyed locking device on the tape storage unit will be installed by March 31, 2009.

Data Maintenance

EDFUND will modify the Financial Aid Processing System by May 31, 2009, to provide the same capability of a systematic audit trail for the remaining files in which such transactions are completed in data maintenance. With the completion of this project, EDFUND will address the stated weakness in our electronic access controls for data maintenance.

Reference Number:	2008-14-8
Federal Catalog Number:	84.181
Federal Program Title:	Special Education—Grants for Infants and Families with Disabilities
Federal Award Numbers and Years:	H181A070037; 2007 H181A060037; 2006
Category of Finding:	Special Tests and Provisions
State Administering Department:	Department of Developmental Services (Developmental Services)

Criteria

GRANT AWARD NOTIFICATION, AWARD YEAR 2007, Terms and Conditions

- (2) When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing this project or programs funded in whole or in part with federal money, all grantees receiving federal funds, including but not limited to state and local governments, shall state clearly:
- 1) The dollar amount of federal funds for the project,
 - 2) The percentage of the total cost of the project that will be financed with federal funds, and
 - 3) The percentage and dollar amount of the total cost of the project that will be financed by non-governmental sources.

Condition

Developmental Services refers to the Special Education—Grants for Infants and Families With Disabilities as the Early Start program. Developmental Services lacks an internal control process to ensure that the documents describing this program include information on the percentage of the total cost of the project that will be financed with federal funds and the percentage and dollar amount of the total cost of the project that will be financed by non-governmental sources. The chief of its Early Start section acknowledges that Developmental Services does not have procedures in place for complying with this requirement contained in the grant's terms and conditions.

Further, we noted that the documents describing the Early Start program that we reviewed did not contain the required information. For example, the contracts Developmental Services has with the independent family resource centers that are funded exclusively with federal funds from the Early Start program do not explicitly state this funding source. Developmental Services did not provide us with

its plans for complying with this requirement. Until Developmental Services establishes a process to ensure that it includes this information in all documents describing the program, it will continue to be unable to demonstrate its compliance with this requirement.

Questioned Costs

Not applicable.

Recommendation

Developmental Services should establish processes and procedures to ensure that all the documents that it uses to describe the program explicitly state the information required in the terms and conditions of the grant.

Department's View and Corrective Action Plan

Developmental Services stated that it will begin to insert the information required in the terms and conditions of the grant in the appropriate documents as soon as possible, but no later than June 30, 2009.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Reference Number:	2008-1-11
Federal Catalog Number:	93.959
Federal Program Title:	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
Federal Award Number and Year:	06B1CASAPT-05; 2006
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—BLOCK GRANTS REGARDING MENTAL HEALTH AND SUBSTANCE ABUSE, Subpart ii—Block Grants for Prevention and Treatment of Substance Abuse, Section 300x-31—Restrictions on Expenditure of Grant

(a) In general

(1) Certain Restrictions

A funding agreement for a grant under section 300x-21 of this title is that the State involved will not expend the grant—

- (A) to provide inpatient hospital services, except as provided in subsection (b) of this section;
- (B) to make cash payments to intended recipients of health services;
- (C) to purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
- (D) to satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds;
- (E) to provide financial assistance to any entity other than a public or nonprofit private entity; or
- (F) to carry out any program prohibited by section 300ee-5 of this title.

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XXIII—PREVENTION OF ACQUIRED IMMUNE DEFICIENCY SYNDROME, Section 300ee-5—Use of Funds to Supply Hypodermic Needles or Syringes for Illegal Drug Use; Prohibition

None of the funds provided under this Act or an amendment made by this Act shall be used to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for acquired immune deficiency syndrome.

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

Condition

ADP does not ensure that subgrantees expend SAPT funds only for allowable activities. Specifically, ADP provides SAPT funds to subgrantees in 12 monthly installments during the fiscal year. Although ADP requires subgrantees to submit quarterly federal financial management reports that track their cumulative expenditures for specific line items, these quarterly reports do not provide sufficient data to ensure funds are only being spent on allowable activities and costs.

Moreover, ADP's policy requires its analysts to conduct an on-site visit for each subgrantee at least once every two years and perform a desk audit of those subgrantees that do not receive an on-site audit during the year. However, ADP management indicated that ADP staff do not review the subgrantees' financial records during its on-site audits and desk audits to determine whether they spent SAPT funds on only allowable activities and costs. We reviewed 45 transactions totaling \$2.4 million. However, due to ADP's lack of supporting documentation, we are unable to conclude that these transactions were for allowable activities and costs.

Questioned Costs

Unknown

Recommendation

ADP should establish policies and procedures that include reviewing the subgrantees' supporting documentation to ensure that SAPT funds are spent only for allowable activities and costs.

Department's View and Corrective Action Plan

ADP provided the following response:

Per Title 45 CFR, Part 96.31 (b) states:

Title 45 CFR 96.31 (b) Subgrantees

State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide awards to a subgrantee, expending \$300,000 (or other amount as specified by OMB) in Federal awards in a fiscal year, shall:

- (1) Determine whether subgrantees have met the audit requirements....
- (2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act or through other means (e.g. program reviews) if the subgrantee has not had such an audit.

ADP meets this requirement. All counties receiving SAPT Block Grant funds are also audited in accordance with the requirements set forth in the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* (OMB Circular A-133). ADP reviews Audit findings related to SAPT Block Grant funds, assures that corrective actions are taken, and recovers funds as necessary.

In e-mails sent by ADP to the Bureau of State Audits on February 9, 2009, and February 10, 2009, ADP confirmed that reviewing OMB Circular A-133 audit reports is one of the processes and procedures ADP uses to determine whether the counties spent SAPT Block Grant funds for allowable activities.

Auditor's Comments on Department's View

ADP's citation of 45 CFR, Part 96.31, is correct. However, it fails to mention that in its 2007 SAPT application, it reported to the federal government that, in addition to the OMB Circular A-133 audits, ADP would also conduct financial and compliance audits on some number of its subgrantees each year. ADP also reported that these audits are designed to rely upon OMB Circular A-133 audits that have been conducted. Further, ADP reported that a primary focus of its financial and compliance audits is to ensure that SAPT grant and various other federal and state funding sources are charged for their fair share of costs. Thus, it is inappropriate for ADP to now state that its reviews of the subgrantees' OMB Circular A-133 audit reports alone meet the requirement for ensuring that SAPT funds are spent only for allowable activities and costs. Furthermore, as we discuss in our finding number 2008-13-22, ADP has not appropriately followed up on audit findings reported in its subgrantees' OMB Circular A-133 audit reports, and it has failed to appropriately follow up with subgrantees that have not submitted their OMB Circular A-133 audit reports to the State in a timely manner.

Reference Number:	2008-1-12
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Numbers and Years:	2B09SM010005-07; 2007 06B1CACMHS-01; 2006 05B1CACMHS-01; 2005
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—BLOCK GRANTS REGARDING MENTAL HEALTH AND SUBSTANCE ABUSE, Subpart i—Block Grants for Community Mental Health Services, Section 300x—Formula Grants to States

(b) Purpose of grants

A funding agreement for a grant under subsection (a) of this section is that, subject to section 300x-5 of this title, the State involved will expend the grant only for the purpose of—

- (1) carrying out the plan submitted under section 300x-1(a) of this title by the State for the fiscal year involved;
- (2) evaluating programs and services carried out under the plan; and
- (3) planning, administration, and educational activities related to providing services under the plan.

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—BLOCK GRANTS REGARDING MENTAL HEALTH AND SUBSTANCE ABUSE, Subpart i—Block Grants for Community Mental Health Services, Section 300x-5—Restrictions on Use of Payments

(a) In general

A funding agreement for a grant under section 300x of this title is that the State involved will not expend the grant—

- (1) to provide inpatient services;
- (2) to make cash payments to intended recipients of health services;
- (3) to purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
- (4) to satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or
- (5) to provide financial assistance to any entity other than a public or nonprofit private entity.

Condition

In our prior-year audit, we reported that Mental Health did not ensure that subgrantees' expenditures were only for allowable activities and costs. Mental Health relied on the counties' budget and program description components of their applications to determine if funds were used for allowable costs and activities. Specifically, the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services (SAMHSA CMHS) grant renewal application instructions directs counties to include in their program narrative a description that specifies what is actually being paid for by the block grant funds. However, our review of program narratives found that counties provided a general outline of program activities and did not explain each budget item. We also found that one program narrative was missing and one program narrative did not clearly specify its target population as children with serious emotional disturbance or adults with serious mental illness. Additionally, Mental Health did not require the counties to submit invoices, receipts or payroll information to verify amounts they reported as expenditures. Finally, Mental Health did not perform regular site visits to the counties to verify the allowability of their programs' costs and activities.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health did not implement a process to ensure that counties were only expending SAMHSA CMHS funds for allowable activities and costs. Mental Health stated that it will strengthen its current review process and will add clarifying language to the state fiscal year 2009–10 Planning Estimate and Renewal Application to ensure counties are charging allowable costs and activities to the SAMHSA CMHS block grant. Mental Health plans to complete its revised application by March 2009 and send it to the counties by May 2009. According to Mental Health, it will require counties to add greater detail to their program narratives to explain each budget line item. Without sufficient processes and procedures, Mental Health has no way of knowing whether the counties are charging unallowable costs and activities to the program.

Questioned Costs

Unknown

Recommendation

Mental Health should establish a process to ensure that only allowable costs and activities are paid for with SAMHSA CMHS grant funds.

Department’s View and Corrective Action Plan

Mental Health stated that it recognizes the importance of monitoring counties for appropriate expenditures of SAMHSA CMHS grant funds and understands the approach identified in this report. Mental Health disagrees with the general statement that, “. . . Mental Health has no way of knowing whether the counties are charging unallowable costs and activities to the program.”

Mental Health stated that it currently has policies and procedures in place which require each participating county mental health department to submit an annual application and expenditure plan for the SAMHSA CMHS grant funds. The application must address all programs funded with the grant funds and requires signed federal agreements, certifications, program data sheets, budgets, and narrative (statement of purpose, program description, target population, staffing chart, designated peer review representative, implementation and evaluation plan). Furthermore, the county application and expenditure plan are reviewed and approved by Mental Health’s program and fiscal liaisons prior to the county receiving its block grant allocation.

Mental Health stated that, based on the audit finding, it will strengthen its current application review process by requiring counties to add greater detail to their program narratives to explain each budget line item. Mental Health will complete its revised application and send it to the counties by May 2009. Mental Health believes this strategy will ensure expenditures are solely for allowable costs and activities.

Auditor’s Comments on Department’s View

The Bureau of State Audits (BSA) stands by its statement that Mental Health has no way of knowing whether the counties are charging unallowable costs and activities to the program. As indicated in the condition, Mental Health did not implement a process to ensure that counties were only expending SAMHSA CMHS funds for allowable activities and costs to correct the BSA’s prior-year finding. In its prior-year audit, the BSA found that counties provided a general outline of program activities and did not explain each budget item; that Mental Health did not require the counties to submit invoices, receipts, or payroll information to verify amounts they reported as expenditures; and that Mental Health did not perform regular site visits to the counties to verify the allowability of their programs’ costs and activities. Thus, Mental Health’s process and procedures did not ensure that the SAMHSA CMHS funds were used only for allowable activities and costs.

Reference Number:	2008-1-13
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.558
Federal Program Title:	Temporary Assistance for Needy Families (TANF)
Federal Award Number and Year:	G-0802CATANF; 2008

Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007

Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Condition

Social Services' processes for reviewing and authorizing the counties' expense and assistance claims do not provide reasonable assurance that federal funds were expended only for allowable activities and costs. The counties' expense claims include their administrative costs, and their assistance claims include a summary total of county assistance payments to beneficiaries by program. In fiscal year 2007–08, Social Services reimbursed counties approximately \$4.9 billion for the three programs listed above.

Counties submit their expense claims electronically to Social Services quarterly. Social Services performs a desk audit of these claims. During the desk audits, Social Services' staff ensure that the counties' welfare directors' and auditor-controllers' signatures on the certification pages of the claims match the counties' authorizing signature letters on file and that the amounts on the signed certification pages match the amounts in the claims. The counties are also required to submit tracking system status reports with their claims, which include program codes that correspond with the counties' countywide cost allocation plans and their letters that outline their plans for charging direct expenses. Social Services reviews the program codes to determine if the counties are charging allowable activities and costs.

The counties also submit their assistance claims electronically to Social Services monthly. Social Services performs a desk review of these claims prior to payment. The steps in the desk review include making sure the counties' welfare directors and auditor-controllers have signed the certification page attesting to the accuracy of the claims, among other things. Another step includes staff identifying variances that are greater than 20 percent between months and following up with the counties for explanations.

However, Social Services does not require the counties to submit detailed supporting documentation for their expense and assistance claims. For example, prior to July 1, 2005, Social Services required counties to submit detailed supporting documentation for specific line items with their county assistance claims. Effective July 1, 2005, Social Services directed counties to no longer submit detailed supporting documentation and to submit only the information contained in its electronic county assistance claim template. Moreover, Social Services did not conduct any on-site visits to the counties to review their supporting documentation for their expense and assistance claims in fiscal year 2007–08. Without procedures such as reviewing the supporting documentation for the counties' expense and assistance claims prior to payment or conducting on-site visits to review the claims during

the award period, Social Services has no way of assuring that counties are spending federal funds only on allowable activities and costs. Thus, we are unable to conclude that Social Services is in compliance with this requirement for the programs listed above.

Questioned Costs

Unknown

Recommendation

Social Services should strengthen its desk audits and reviews of the counties' expense and assistance claims. For example, Social Services can review the underlying supporting documentation for a sample of the claims submitted by the counties during the award period to ensure the counties are only charging allowable activities and costs to the federal programs.

Department's View and Corrective Action Plan

Social Services stated that it does not concur with this finding and provided the following response:

The findings of the Bureau of State Audits (BSA) are based on several premises:

- States are required to monitor the performance of subrecipients. The county welfare departments are considered subrecipients for Social Services programs.
- Prior to July 1, 2005, Social Services required counties to submit detailed supporting documentation for the assistance claim. No supporting documentation was required for the County Expense Claim.
- After July 1, 2005, Social Services no longer required counties to submit the supporting documentation with the claim. In lieu of this requirement, counties were to maintain the documentation for future review and audit at the county.
- Social Services does not request samples of the documentation, nor does it conduct field visits to review the documentation.

The BSA concludes that Social Services is unable to verify the validity of the costs claimed by the counties.

The BSA's recommendation cannot be implemented for the following reasons:

- Social Services advances the funds for the assistance payments to the counties. It is not feasible to interrupt this process to perform audits of the supporting documentation.
- Social Services and the counties use federally approved automated systems to make and report all assistance claims. The automated systems effectively eliminate errors that generally occur in preparing the assistance claim.
- Prior evaluations of the assistance claim did not demonstrate a benefit to Social Services and the counties for the supporting documentation that was previously submitted with the assistance claim.

The BSA's findings and recommendations are based on an incomplete review of the process used by Social Services. The BSA's discussion of the finding does not correctly represent the rationale used by Social Services to stop the requirement for counties to submit supporting documentation with the assistance claim.

The decision to stop having the counties submit supporting documentation was part of a much larger project to fully automate the claim process. The automated assistance claim was implemented in January 2004. The automated claim incorporates several edit checks and the submission of five additional supporting documents in electronic form. The desk audit function, performed manually for several decades, was automated.

For 18 months, from January 2004 to July 2005, Social Services required the counties to submit the supporting documentation with the automated claim. A review of the relationship between the automated claim and the supporting documentation was conducted during this period. The review concluded that the supporting documentation did not add value to the auditing or processing of the automated claim. Effective July 1, 2005, Social Services instructed the counties to stop submitting the documentation with the claim. Counties are required to prepare and maintain the documentation at the county for future review and audits.

It should be noted that the BSA did not review any of the documentation submitted with the assistance claim prior to July 1, 2005.

During the course of this audit, Social Services staff reviewed a sampling of the OMB A-133 audits for the counties. All findings for Social Services programs were reviewed. Samples of the supporting documentation previously submitted with the claims were also reviewed. No link could be established between the OMB A-133 audit findings and the supporting documentation. None of the A-133 audit findings would have been discovered, prevented or corrected through a review of the supporting documentation.

The BSA's recommendation for a review of randomly selected supporting documentation is without merit.

Finally, the assistance payments are advanced to the counties immediately prior to the actual payments made by the counties. It would be impossible to perform case level audits of these payments without significantly disrupting the payment process.

Auditor's Comments on Department's View

Social Services' statement that the findings and recommendations of the BSA are based on an incomplete review of the process it uses is incorrect. In its finding, the BSA has accurately stated the processes Social Services uses for reviewing the counties' administrative and assistance claims. During its desk audits and desk reviews, Social Services does not require its staff to review the counties' underlying data that supports their administrative and assistance claims. Further, although Social Services requires the counties to retain their documentation related to their assistance claims for future review, it did not conduct on-site visits to the counties to review this information. Instead, Social Services relied on an automated claim process that does nothing more than offer edit checks to ensure that the counties did not charge expenditures to improper aid or program codes and line items, that they did not exceed certain dollar amounts, and that they had the required staff sign the claim.

The automated claim process does not allow Social Services to determine if the counties have charged only allowable activities and costs. For example, according to its September 2008 report titled *Review of Improper Temporary Assistance for Needy Families Basic Assistance Payments in California for April 1, 2006 Through March 31, 2007*, the U.S. Department of Health and Human Services' Office of Inspector General (OIG) estimated that Social Services made improper payments of \$91,613,100 (federal share only). The improper payments consisted of \$72.9 million related to eligibility and payment calculation errors and \$18.7 million related to documentation errors. Thus, the OIG's report illustrates that Social Services' reliance on its automated claim process alone cannot ensure the counties' assistance claims include only allowable activities or costs. The report also shows that the BSA's recommendation for Social Services to review the underlying documentation for a sample of claims submitted by the counties during the award period has merit and can also be beneficial to the State. For example, according to the OIG, the State made assistance payments to or on behalf of TANF

recipient families totaling roughly \$2.6 billion, of which \$1.6 billion represented the federal share. Using this information, the BSA estimates that the State's share of the improper payments is roughly \$57 million.

Social Services states that the BSA did not review any of the documentation submitted with the assistance claim prior to July 1, 2005. Social Services raised this issue in our exit conference that was held on February 18, 2009. However, Social Services did not bring to the BSA's attention the review it conducted of the relationship between the automated claim and the supporting documentation where it found that the particular policy in place between January 2004 and July 2005 did not add value to the auditing or processing of the automated claim until it submitted its response to the BSA on March 2, 2009. Upon receiving Social Services' response, the BSA requested a copy of its review. However, Social Services did not provide the BSA with a copy of the review and the related supporting documentation.

Social Services states that it reviewed a sample of the supporting documentation previously submitted with the claims and could not find a link between the documentation and the audit findings presented in the counties' OMB Circular A-133 audits. As previously stated, Social Services did not provide the BSA with a copy of the review it conducted of the relationship between the automated claim and the supporting documentation where it found that the particular policy in place between January 2004 and July 2005 did not add value to the auditing or processing of the automated claim and the related supporting documentation. However, the BSA would like to point out that Social Services would need to review varying underlying documentation for the counties' administrative and assistance claims. For example, Social Services could review the counties' time studies to verify the information in their administrative claims. For the assistance claims, Social Services could review documentation to support the TANF recipients' payment amount.

Finally, the BSA did not recommend to Social Services that it should interrupt its process for making advance payments to the counties to perform audits. The BSA has found that it is not uncommon for state departments to make advance payments to their subgrantees. However, state departments typically have also established processes and procedures to ensure that during the award period they either require the local agencies to submit documentation to support their costs or they conduct on-site visits to verify the costs. Currently, Social Services lacks such processes and procedures.

Reference Number:	2008-2-4
Federal Catalog Number:	93.563
Federal Program Title:	Child Support Enforcement (CSE)
Federal Award Numbers and Years:	0804CA4004; 2008 0704CA4004; 2007
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Child Support Services (Child Support Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 304—OFFICE OF CHILD SUPPORT ENFORCEMENT (CHILD SUPPORT ENFORCEMENT PROGRAM), ADMINISTRATION FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—FEDERAL FINANCIAL PARTICIPATION, Section 304.10—General Administrative Requirements:

As a condition for Federal financial participation, the provisions of part 74 of this title (with the exception of 45 CFR 74.23, Cost Sharing or Matching and 45 CFR 74.52, Financial Reporting) establishing uniform administrative requirements and cost principles shall apply to grants made to States under this part.

TITLE 45—PUBLIC WELFARE, PART 74—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR AWARDS AND SUBAWARDS TO INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, OTHER NONPROFIT ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS, Subpart C—Post-Award Requirements—Financial and Program Management, Section 74.21—Standards for Financial Management Systems

- (b)(6) Recipients' financial management systems shall provide for the following: Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

TITLE 45—PUBLIC WELFARE, PART 74—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR AWARDS AND SUBAWARDS TO INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, OTHER NONPROFIT ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS, Subpart C—Post-Award Requirements—Financial and Program Management, Section 74.27—Allowable Costs

- (a) For each kind of recipient, there is a particular set of Federal principles that applies in determining allowable costs. Allowability of costs shall be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by the State, local or federally recognized Indian tribal governments is determined in accordance with the provisions of OMB Circular A-87, "Cost Principles for State and Local Governments."

Condition

Child Support Services lacks adequate written policies and procedures to ensure that its expenditures meet the requirements of OMB Circular A-87, and the federal requirements for the CSE program. This matter was the subject of a finding we reported for fiscal year 2006–07, and Child Support Services asserted that it concurred with the recommendation and was in the process of providing all staff with the OMB Circular A-87 list of allowable/unallowable expenditures. Comparing expenditures to this list is particularly important because OMB Circular A-87 contains specific instructions on costs that are allowable and unallowable.

During our fieldwork this year, Child Support Services told us that it interpreted the finding to mean that staff scheduling invoices for payment, in this case the accounting office, should review the invoices for allowability. As such, Child Support Services stated that it distributed copies of OMB Circular A-87 to all accounting staff and that the accounting staff routinely audit invoices for compliance and return any that fall outside of the guidelines. However, we were unable to verify the existence of this review as the accounting office has no written procedure directing it to perform this comparison. Without a written procedure, Child Support Services cannot demonstrate that its process ensures expenditures are in compliance with the requirements of the program and OMB Circular A-87 and raises the risk that the allowability check is being overlooked.

In addition, Child Support Services' approval process for proposed contracts, as well as its invoice and purchase order approval processes, includes reviews and approvals by other analysts and managers. However, according to Child Support Services, these reviews do not include a comparison of the supporting documentation to the list of allowable and unallowable expenditures described in OMB Circular A-87. Although it is important that actual expenditures are reviewed for allowability by the accounting office, Child Support Services' current process increases the difficulty of resolving unallowable costs by delaying their identification until invoices or purchase orders reach accounting (late in the approval process) rather than determining their allowability in the contracts or purchasing units (early in the approval process).

Questioned Costs

Not applicable.

Recommendations

Child Support Services should provide all staff that review and approve contracts, invoices, and purchase orders with a list of allowable and unallowable expenditures so that they can ensure expenditures are made in conformance with OMB Circular A-87. Child Support Services should also establish written policies and procedures requiring these staff to use the list to ensure that expenditures are allowable.

Department’s View and Corrective Action Plan

Child Support Services stated that, as a result of the prior finding, it distributed copies of OMB Circular A-87 to all accounting staff and that it directed accounting staff to routinely audit invoices for compliance with the OMB Circular A-87 guidelines.

Child Support Services also stated that it concurs with the recommendation and will provide all staff who review and approve contracts, invoices, and purchase orders with a list of allowable and unallowable expenditures so that they can ensure expenditures are made in conformance with OMB Circular A-87. Child Support Services will also establish written policies and procedures requiring these staff to use the list to ensure that expenditures are allowable. In addition, Child Support Services will provide training to all staff who review and approve contracts, invoices, and purchase orders on the allowability of costs under OMB Circular A-87.

Reference Number:	2008-2-5
Federal Catalog Number:	93.778
Federal Program Title:	Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007 05-0605CA5028; 2006 05-0505CA5028; 2005
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 433—STATE FISCAL ADMINISTRATION,
 Subpart F—Refunding of Federal Share of Medicaid Overpayments to Providers, Section 433.312—
 Basic Requirements for Refunds

- (a) Basic rules
 - (1) Except as provided in paragraph (b) of this section, the Medicaid agency has 60 days from the date of discovery of an overpayment to a provider to recover or seek to recover the overpayment before the Federal share must be refunded to CMS.
 - (2) The agency must refund the Federal share of overpayments at the end of the 60-day period following discovery in accordance with the requirements of this subpart, whether or not the State has recovered the overpayment from the provider.

- (b) Exception. The agency is not required to refund the Federal share of an overpayment made to a provider when the State is unable to recover the overpayment amount because the provider has been determined bankrupt or out of business in accordance with §433.318.
- (c) Applicability.
 - (1) The requirements of this subpart apply to overpayments made to Medicaid providers that occur and are discovered in any quarter that begins on or after October 1, 1985.
 - (2) The date upon which an overpayment occurs is the date upon which a State, using its normal method of reimbursement for a particular class of provider (e.g., check, interfund transfer), makes the payment involving unallowable costs to a provider.

Condition

In our report for the fiscal year ended June 30, 2006, we identified that Electronic Data Systems (EDS)—the firm Health Care Services contracts with to authorize Medi-Cal payments—authorized Medi-Cal payments to some skilled nursing facilities (facilities) more than once for the same services. We identified these errors while performing an audit of California’s implementation of a new facility-specific reimbursement rate system. Specifically, we identified more than 2,100 duplicate payments to facilities for claims reflecting dates of service between August 1, 2005, and July 31, 2006, totaling \$3.3 million. We were also aware of other potential duplicate payments to facilities; however, due to the complexity of these payments, additional research by EDS was necessary. According to EDS, its examiners followed a flawed procedure that instructed them to override a specific type of suspended claim, resulting in duplicate payment authorizations.

Health Care Services and EDS subsequently took measures to resolve this problem. EDS implemented a special processing guideline to discontinue overriding suspended claims, updated its procedures, and started to identify all facilities that received duplicate Medi-Cal payments to begin efforts to recoup those funds. However, subsequent to our audit, we found that the special processing guideline instructs examiners in certain situations to continue to follow the flawed procedure, which could result in EDS continuing to pay duplicate claims related to the facilities. Subsequently, EDS further revised the special processing guidelines to correct this oversight. In response to our 2006 finding, Health Care Services stated that it would increase its quality control over the claims override function.

On April 30, 2008, Health Care Services instructed EDS to conduct a review of the override function for error codes 802 and 803 that identify claims suspended because they are potentially duplicate payments. This review, which was conducted from April 2008 through September 2008, indicates that the percentage of suspended claims that were erroneously overridden was within EDS’s established acceptable error rate of 5 percent. The results are based on 25 errors found in the 601 claims sampled by EDS, which equates to a 4.2 percent error rate. However, we noted the error rate for code 802 in both April 2008 and May 2008 was 10 percent and in July 2008 was 6 percent. Further, the error rate for code 803 in May 2008 was 11.8 percent. Health Care Services is requiring EDS to continue reviewing the claims override function for error codes 802 and 803 for an additional six-month period from October 2008 through March 2009. Health Care Services also stated that, at the end of this period, it would determine whether additional quality controls are warranted.

Because the scope of our report for the fiscal year ended June 30, 2006, focused only on long-term care payments made to facilities subject to the new reimbursement rates, we subsequently reviewed Health Care Services’ guidelines for other types of payments and found that those for medical, outpatient, and vision payments included this same flawed procedure. However, because EDS does not document or track the reasons it overrides a suspended claim, we could not identify which claims were paid using the flawed procedure that could result in duplicate payments. Health Care Services stated it has identified \$6.4 million in duplicate payments to either a single facility or multiple long-term care providers for services to the same individual on the same day. Health Care Services stated that in September 2007 it began to recoup duplicate payments made to long-term care providers during the period from October 5, 2005, through November 18, 2006, in those situations where a single facility received more than one payment for the same individual on the same day. Specifically, according to Health

Care Services, it identified \$5,099,557 in overpayments to 532 long-term care facilities, of which it had recouped \$5,082,842 by October 10, 2008. Health Care Services also stated that in May 2008 it began recouping the amount of duplicate payments that were made to multiple long-term care providers during the period from October 5, 2005, through November 18, 2006, for the same individual on the same day. Health Care Services estimates that \$1,315,834 was paid to providers as a result of this type of duplicate payment, of which \$62,159 had been recouped as of October 24, 2008.

Finally, Health Care Services stated that it did not identify any duplicate vision claims paid for fiscal year 2005–06. However, Health Care Services also stated that in April 2008 it began recouping overpayments for duplicate medical and outpatient claims that were made during this period. Health Care Services estimates that \$207,500 was paid to providers as a result of this type of duplicate payment, including \$119,871 in outpatient claims and \$87,629 in medical claims. Of this \$207,500, \$193,589 had been recouped as of October 14, 2008. However, we could not validate this information because Health Care Services did not retain the supporting documentation used to arrive at these amounts. Until Health Care Services fully recoups its overpayments to providers, it is not in compliance with the federal regulations that govern refunding the federal share of overpayments to providers.

Questioned Costs

Not determined.

Recommendations

To ensure that EDS authorizes disbursements of Medi-Cal funds only to facilities and providers entitled to them, Health Care Services should take the following steps:

- Continue to increase its quality control over the claims override function until it can provide assurance that the manual processing of suspended claims does not result in duplicate payments.
- Follow its existing claims processing quality control guidelines for all error codes, which include coordinating with EDS to initiate problem analysis, identifying root causes, recommending possible solutions, implementing process improvements, and evaluating corrective action when the monthly error rate for an individual error code related to duplicate payments exceeds 5 percent.
- Ensure that EDS documents and tracks the reasons for overriding claims that have been suspended in the system.
- Continue to recoup all duplicate payments related to long-term care providers as well as those related to medical and outpatient claims.
- Direct EDS to retain documentation to support all of its recoupment efforts.

Department's View and Corrective Action Plan

Health Care Services agrees with the finding and will take the following corrective action:

- Continue to increase its quality control over the claims override function until it can provide assurance that the manual processing of suspended claims does not result in duplicate payments.

Health Care Services instructed EDS to perform an additional review, including an increase to the customary sample size, from each of the claim categories identified as Suspense Claims Processing Error Code 802 and Error Code 803 for a full year. At the conclusion of this period, Health Care Services will evaluate the results and determine if there is a need for further review or action.

- Follow its existing claims processing quality control guidelines for all error codes, which include coordinating with EDS to initiate problem analysis, identifying root causes, recommending possible solutions, implementing process improvements, and evaluating corrective action when the monthly error rate for an individual error code related to duplicate payments exceeds 5 percent.

Health Care Services follows existing claims processing quality control guidelines and holds EDS accountable to error rate thresholds as established in the *EDS Quality Assurance Procedures and Standards Manual*. Health Care Services' quality management (QM) analyst reviews the QM Monthly Performance Report from EDS and directs EDS to perform further review or produce additional data for areas under scrutiny. Health Care Services' analyst actively meets with EDS QM staff to identify and resolve problems and issues, conduct special studies, and implement process improvements for areas associated with the claim adjudication processes.

- Ensure that EDS documents and tracks the reasons for overriding claims that have been suspended in the system.

Health Care Services continues to maintain that there is no need to document the reasons a suspended claim's error code has been overridden. An EDS claim examiner can only override a claim that had been suspended for review when the claim meets specific criteria as documented in the claims processing guidelines for the error code condition that resulted in the claim being suspended. Developing a systematic process for documenting the reasons for overriding claims that have been suspended would have the following impacts:

Incur approximately 1,600 hours / \$200,000 costs to the California Medicaid Management System (CA-MMIS) to implement this recommendation under the current fiscal intermediary (FI) contract. The current state budget crisis has resulted in Health Care Services limiting system changes to projects that are required by state or federal legal mandates.

Require claim examiners to determine and input the new field in the system that would negatively impact their ability to meet the contractually required claim processing timelines with the staffing levels supported by the existing contract terms. Health Care Services would most likely incur a claim to be reimbursed for additional FI staffing to meet claim processing time requirements should the FI not be able to maintain compliance with processing time requirements.

The existing controls limit FI claim examiners to only override a claim's error code for specific Health Care Services-approved reasons. Health Care Services believes this provides an adequate level of documentation and tracking of error code overrides. Health Care Services believes it would be more cost effective to implement the recommendation of the Bureau of State Audits (BSA) with the project to replace the existing CA-MMIS that is part of the currently active FI procurement.

- Continue to recoup all duplicate payments related to long-term care providers as well as those related to medical and outpatient claims.

Health Care Services continues to seek full reimbursement of all duplicate payments through the recovery process while the Audits and Investigation Division continues to include the duplicate claim overpayment data as part of its ongoing audit and recovery activities.

- Direct EDS to retain documentation to support all of its recoupment efforts.

Health Care Services maintains that the existing recoupment process already documents the collection of amounts owed at the individual provider level in weekly financial reports. This information is available for review via on-line query, a demonstration of which was provided to the auditors. Health Care Services believes the cost and effort required to implement the BSA's recommendation for a new report, to consolidate and track the progress of erroneous payment correction actions in a more easily accessible format, exceeds the benefit of developing the report in

light of the current State and departmental budget environment. Creating this report would require a change to the Medi-Cal claims processing system that is estimated at approximately \$937,500 (7,500 programming hours @ \$125/hr). Currently, an ad hoc reporting capability can produce point-in-time account balances at the individual provider level and at a cost of approximately \$1,250 to \$2,500 per request. The BSA's recommendation will be considered further with implementation of the CA-MMIS replacement system.

Auditor's Comments on Department's View

Health Care Services has not fully addressed our recommendation related to its claims processing quality control guidelines for error codes. Currently, Health Care Services calculates its error rates by grouping the various error codes together. However, our recommendation is directed toward it evaluating the monthly error rate for individual error codes related to duplicate payments separately. If the error rate for the individual error codes associated with duplicate payments exceeds 5 percent, then Health Care Services should direct EDS to perform additional analysis as detailed in its claims processing quality control guidelines.

Health Care Services stated that it believes it would be more cost effective to implement our recommendations related to documenting and tracking the reasons for overriding claims that have been suspended in the system as well as retaining documentation to support all of its recoupment efforts with the implementation of its project to replace the existing CA-MMIS. Although this project has been approved by the Department of Finance and is in the Request for Proposal phase of the system development life cycle, the estimated completion date for this project is September 2015. The BSA believes that more immediate attention should be directed toward resolving the issues in our finding given the fact that according to Health Care Services, it has already recouped more than \$5.3 million.

Reference Number:	2008-2-7
Federal Catalog Number:	93.959
Federal Program Title:	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
Federal Award Numbers and Years:	08B1CASAPT; 2008 07B1CASAPT; 2007
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS—Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

STATE ADMINISTRATIVE MANUAL, Section 8539—Attendance Records

Agencies will maintain complete records of attendance and absences for each employee during each pay period. These records will be properly certified.

Condition

ADP staff track the hours they spend on various activities and grants and charge their time to different program cost account (PCA) codes. ADP has set up several PCA codes for SAPT. ADP's accounting staff enter their time sheet information into the State's Labor Distribution System, which results in funds being drawn down from their ultimate funding sources.

Our review of 45 employee time sheets found 14 instances in which ADP's accounting records did not substantially agree with the hours reported by the employee. For example, 176 hours were charged to a SAPT PCA for an employee, even though the employee reported that she did not work on activities related to SAPT during the month. This error resulted in an overcharge to the SAPT grant of \$6,830.46. Conversely, another employee's time sheet indicated that 120 hours plus 56 hours for holidays and leave time should have been charged to a SAPT PCA. However, ADP's accounting records showed that only 17.6 hours were charged to the SAPT PCA for the employee. The remaining hours were charged to a PCA not related to SAPT. Consequently, ADP undercharged the SAPT grant by \$6,645.78.

Generally, the differences arose because accounting staff did not key in the hours reported on the time sheet, and the labor distribution system defaulted to base PCAs on the employee's profile. One of ADP's accounting administrators explained that in some cases, employees did not always submit their time sheets in time for accounting to process them and meet the State Controller's Office deadline. She also stated that during fiscal year 2007–08 ADP did not regularly make adjustments to its accounting records once a time sheet had been received. Without an adequate control process, ADP cannot assure that it is accurately charging payroll costs to the SAPT grant.

Questioned Costs

Of \$176,727.80 sampled, \$14,065.65 was undercharged and \$11,206.66 was overcharged.

Recommendations

ADP should establish a quality control process to ensure that it correctly charges payroll costs to the proper PCA codes for SAPT. Additionally, ADP should promptly make adjustments for any discrepancies that come to its attention.

Department's View and Corrective Action Plan

ADP stated that it concurs with the auditors' findings. ADP will establish and document procedures for processing monthly time sheets to ensure their accuracy and timely submission. ADP will also conduct training sessions for managers and timekeepers to emphasize and review their responsibilities and discuss the procedures. Its accounting office will review late time sheets and enter adjusted time sheets, when necessary. Finally, ADP plans to have in place by December 2009 an automated time sheet, which will resolve the allocation issues.

Reference Number:	2008-2-9
Federal Catalog Number:	93.566
Federal Program Title:	Refugee and Entrant Assistance—State Administered Programs (Refugee Program)

Federal Award Numbers and Year: G-07AACA9100; 2007
G-07AACA9110; 2007

Category of Finding: Allowable Costs/Cost Principles

State Administering Department: Department of Social Services (Social Services)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87)

Appendix B to Part 225—Selected Items Of Cost

8. Compensation for personal services

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocations bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and

- (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Condition

In our prior-year audit, we reported that Social Services could not substantiate the payroll expenditures it charged to the Refugee Program. Social Services used funds from four federal programs to administer California's Refugee Program. However, Social Services did not require its staff to complete personnel activity reports (for example, time sheets) or equivalent documentation to support the actual amount of time they spend working on activities related to this program. Instead, Social Services used percentages that were developed a long time ago based on a time study or time studies to charge its payroll expenditures.

During our follow-up procedures for fiscal year 2007–08, we found that Social Services did not require the requisite staff to submit personnel activity reports or equivalent documentation to support the actual amount of time they spent working on activities related to the Refugee Program. Instead, it continued to rely on an outdated time study or time studies to charge payroll expenditures to this program.

According to an analyst in the Refugee Policy Unit in its Refugee Programs Bureau (RPB), the RPB is in the process of updating its time study process. Specifically, it will be conducting monthly time studies for all employees for one year beginning in March 2008. After the one-year period, the RPB will analyze and consider the results to determine how to allocate payroll costs to the various federal grants it uses to administer the Refugee Program. The RPB plans to review and update, if needed, the time study data quarterly. However, until it does so, Social Services cannot ensure that only allowable costs are charged to the program.

Questioned Costs

\$1,035,003

This amount represents the total salaries and benefits for the RPB in fiscal year 2007–08. In accordance with 45 CFR, Part 400.13(c), which states certain administrative costs for the overall management of the State's refugee program may be charged to the cash assistance, medical assistance, and related administrative costs (CMA) grant, the salaries and benefits related to the RPB's chief and one support staff have been charged 100 percent to the CMA grant. However, these individuals also work on activities related to a state-funded program. Social Services did not provide us with the portion of their salaries and benefits associated with the time they spent on the state-funded program. Therefore, we were unable to adjust the questioned costs for this amount.

Recommendation

Social Services should ensure that its process for charging compensation for personal services to the Refugee Program conforms to the requirements of OMB Circular A-87.

Department's View and Corrective Action Plan

Social Services stated that it concurs with the finding and provided the following response:

- The RPB required staff to complete time studies monthly beginning March 3, 2008. The RPB is in the process of conducting an annual time study, covering March 2008 through February 2009. The RPB will use the data from this 12-month period for comparison to the percentages reported on the 2006–07 and 2007–08 Time Reporting Summaries.
- The RPB will use adjusted time study percentages beginning with the April-May-June 2009 quarter, as appropriate.

- Beginning March 2009 the RPB will begin time studying in the middle month of each quarter, as approved by the federal Office of Refugee Resettlement (ORR).
- The RPB will check with Social Services' Accounting and Budgets to inquire whether the RPB chief and support staff need to perform a time study, or if their time can be based on the RPB's time study percentages per Social Services' cost allocation plan.
- On March 3, 2008, RPB staff began recording monthly time studies for all staff during each work day.
- On March 20, 2008, RPB requested from ORR approval to move from monthly to quarterly time studies. On March 21, 2008, ORR approved that request.

Reference Number:	2008-2-10
Category of Finding:	Allowable Cost/Cost Principles
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007

Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007

Criteria

TITLE 45—PUBLIC WELFARE, PART 95—GENERAL ADMINISTRATION—GRANT PROGRAMS (PUBLIC ASSISTANCE, MEDICAL ASSISTANCE AND STATE CHILDREN'S HEALTH INSURANCE PROGRAMS), Subpart E—Cost Allocation Plans, Section 95.507—Plan Requirements

- (b) The cost allocation plan shall contain the following information:
- (7) If the public assistance programs are administered by local government agencies under a State supervised system, the overall State agency cost allocation plan shall also include a cost allocation plan for the local agencies. It shall be developed in accordance with the requirements set forth above. More than one local agency plan shall be submitted if the accounting systems or other conditions at the local agencies preclude an equitable allocation of costs by the submission of a single plan for all local agencies. Prior to submitting multiple plans for local agencies, the State should consult with the Director, DCA. Where more than one local agency plan is submitted, the State shall identify the specific local agencies covered by each plan.

TITLE 45—PUBLIC WELFARE, PART 95—GENERAL ADMINISTRATION—GRANT PROGRAMS (PUBLIC ASSISTANCE, MEDICAL ASSISTANCE AND STATE CHILDREN'S HEALTH INSURANCE PROGRAMS), Subpart E—Cost Allocation Plans, Section 95.517—Claims for Federal Financial Participation

- (a) A State must claim FFP for costs associated with a program only in accordance with its approved cost allocation plan. However, if a State has submitted a plan or plan amendment for a State agency it may, at its option, claim FFP based on the proposed plan or plan amendment unless otherwise advised by the DCA. However, where a State has claimed costs based on a proposed plan or plan amendment the State, if necessary, shall retroactively adjust its claims in accordance with the plan or amendment as subsequently approved by the Director, DCA. The State may also continue to claim FFP under its existing approved cost allocation plan for all costs not affected by the proposed amendment.

Condition

Social Services does not have adequate internal controls in place to ensure that county welfare departments are claiming costs according to the cost allocation plan for local agencies. Social Services submits to the U.S. Department of Health and Human Services a cost allocation plan for the county welfare departments (local agency CAP) that describes the allocation basis and direct charge rationale for charging programs and projects supported by federal funds. The counties charge these program costs on the county expense claims (CECs) that they submit quarterly to Social Services. However, Social Services does not have a process in place to ensure that the costs that are reflected on the CECs are calculated in accordance with the local agency CAP. Specifically, Social Services does not require counties to submit supporting documentation with their quarterly CECs, nor does Social Services conduct site visits during the award year to review the counties' processes related to capturing and allocating the costs reported in the CECs they submit.

Social Services does provide guidance to the counties on how to complete their CECs in quarterly time study and claiming instructional fiscal letters, which reflect any changes in program code descriptions and the local agency CAP. Social Services also provides the counties the template for completing the CEC. However, these procedures do not provide reasonable assurance that the counties are adhering to the local agency CAP. Until Social Services can ensure counties are following the cost reporting methodologies described in the local agency CAP, it lacks assurance that the counties are claiming only allowable costs.

Questioned Costs

Unknown

Recommendation

Social Services should develop a process and procedures to ensure counties are adhering to the local agency CAP and claiming only allowable costs.

Department's View and Corrective Action Plan

Social Services stated that it does not concur with this finding for the following reasons:

The CEC is an automated process that is based entirely on the federally approved Cost Allocation Plan for local assistance. This automated database application allows counties areas to input data; however it does not allow counties to modify the programming that executes the CEC. Social Services would like the reader to refer to its response to the Bureau of State Audits' finding number 2008-1-13.

The CEC incorporates the following controls into the system:

- All approved cost allocation codes are embedded in the claim template and cannot be modified by the counties.
- The cost allocation codes allocate the identified costs to the appropriate program funding sources based on federally approved methodologies. These methodologies and formulas are embedded in the claim template. The counties cannot modify the formulas.
- The county costs are determined through a federally approved time study methodology.
- The CEC claiming instructions and county template are updated each quarter.

The CEC, in its various stages of automation from 20/20, Unify, Lotus and to the current FoxPro version, has proven to be an effective tool for capturing, reporting and allocating county administrative costs in accordance with approved cost allocation principles. The Cost Allocation Plan and methodology for capturing, allocating and reporting the county administrative expenditures has been approved by the federal government.

Auditor’s Comments on Department’s View

Social Services’ response does not address the basis of the Bureau of State Audits (BSA) finding. Specifically, Social Services is focusing on the CEC process while the BSA is concerned with the data that is input into the CEC. Social Services’ current process for paying counties does not provide a reasonable assurance that the data entered into the CEC was obtained through a process that is compliant with the local agency CAP.

Although Social Services stated that “county costs are determined through a federally approved time study methodology”, it did not address how it ensures the counties are following this methodology. The primary basis for distributing costs through the local agency CAP is individual caseworker time studies. Additionally, according to the local agency CAP, the 40 largest counties must identify their clerical and support salaries using a separate time study/time certification process and submit a Support Staff Time Reporting Plan annually to Social Services for review. However, Social Services did not provide us any evidence that it conducts these reviews.

The cost allocation process is complex and errors can occur in the time study process. For example, as we point out in our finding number 2008-2-11, Social Services’ Sacramento district office accidentally included an employee’s time-reporting document twice, which affected the allocation of federal funds for that program. It is possible that similar errors can be occurring in the counties’ time study processes. Thus, the BSA stands by its conclusion that until Social Services can ensure counties are following the cost-reporting methodologies described in the local agency CAP, it lacks assurance that the counties are claiming only allowable costs.

Reference Number:	2008-2-11
Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407, 2008 0701CA1407, 2007
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Social Services (Social Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 95—GENERAL ADMINISTRATION—GRANT PROGRAMS (PUBLIC ASSISTANCE, MEDICAL ASSISTANCE AND STATE CHILDREN'S HEALTH INSURANCE PROGRAMS), Subpart E—Cost Allocation Plans, Section 95.517—Claims for Federal Financial Participation

- (a) A State must claim FFP for costs associated with a program only in accordance with its approved cost allocation plan. However, if a State has submitted a plan or plan amendment for a State agency it may, at its option, claim FFP based on the proposed plan or plan amendment unless otherwise advised by the DCA. However, where a State has claimed costs based on a proposed plan or plan amendment the State, if necessary, shall retroactively adjust its claims in accordance with the plan or amendment as subsequently approved by the Director, DCA. The State may also continue to claim FFP under its existing approved cost allocation plan for all costs not affected by the proposed amendment.

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES STATE COST ALLOCATION PLAN FOR DIRECT AND INDIRECT COSTS—FY 2007–08, Chapter III, Step IV—Basis for Time Reporting

R-3 Group Percentages: Single programs and multi-program units in which the structure and workload permit the assignment of a specific number of personnel to a particular program. This enables the unit to readily identify the time spent on a specific program. The unit completes a Group Activity Percentage Time Reporting Summary showing the percentage of time spent on each program.

Condition

Social Services' Adoptions Services Bureau (Adoptions Services) did not comply with its public assistance cost allocation plan. Specifically, the percentages for Adoptions Services' Sacramento district office that were submitted for the first quarter of fiscal year 2007–08 contained an error in the Group Activity Percentage Time Reporting Summary. The error occurred because one employee inadvertently submitted two individual time summaries, which understated the amount charged to the federal government by roughly \$7,200. According to the manager of the district office, this error was an oversight because she reviews the time summaries before they are sent to the fiscal services bureau. Nevertheless, errors such as this one hinder Social Services' ability to accurately charge costs to the program in accordance with its public assistance cost allocation plan.

Questioned Costs

Social Services undercharged the federal government \$7,239.

Recommendation

Social Services should ensure that it accurately charges time spent on the program in accordance with its approved state public assistance cost allocation plan.

Department's View and Corrective Action Plan

Social Services stated that it concurs with the finding. An adoptions specialist submitted her time study report inaccurately. She resubmitted the time study report with the appropriate federal allocations. Clerical staff failed to pull the first report and both studies were calculated into the statistical report. The figures were recalculated and submitted with the corrected information.

The adoptions district office manager has been counseled by Adoptions Services' central office about this error. Adoptions Services' central office will be instructing all district office managers to review all time study reports. The managers will supervise clerical staff and review time studies as they are submitted on a bimonthly basis.

Reference Number:	2008-3-10
Federal Catalog Number:	93.563
Federal Program Title:	Child Support Enforcement (CSE)
Federal Award Numbers and Years:	0804CA4004; 2008 0704CA4004; 2007
Category of Finding:	Cash Management
State Administering Department:	Department of Child Support Services (Child Support Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 304—OFFICE OF CHILD SUPPORT ENFORCEMENT (CHILD SUPPORT ENFORCEMENT PROGRAM), ADMINISTRATION FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—FEDERAL FINANCIAL PARTICIPATION, Section 304.10—General Administrative Requirements

As a condition for Federal financial participation, the provisions of Part 74 of this title (with the exception of 45 CFR 74.23, Cost Sharing or Matching and 45 CFR 74.52, Financial Reporting) establishing uniform administrative requirements and cost principles shall apply to all grants made to States under this part.

TITLE 45—PUBLIC WELFARE, PART 74—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR AWARDS AND SUBAWARDS TO INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, OTHER NONPROFIT ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS, Subpart C—Post-Award Requirements—Financial and Program Management, Section 74.21—Standards for Financial Management Systems

(b)(3) Recipients' financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets.

Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

TITLE 45—PUBLIC WELFARE, PART 74—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR AWARDS AND SUBAWARDS TO INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, OTHER NONPROFIT ORGANIZATIONS, AND COMMERCIAL ORGANIZATIONS, Subpart C—Post-Award Requirements, Section 74.22—Payment

(a) Unless inconsistent with statutory program purposes, payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements, or the CMIA default procedures codified at 31 CFR 205.9, to the extent that either applies.

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A, Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.6—What Is a Treasury-State Agreement?

- (a) A Treasury-State agreement documents the accepted funding techniques and methods for calculating interest agreed upon by us and a State and identifies the Federal assistance programs governed by this subpart A. If anything in a Treasury-State agreement is inconsistent with this subpart A, that part of the Treasury-State agreement will not have any effect and this subpart A will govern.
- (b) A Treasury-State agreement will be effective until terminated unless we and a State agree to a specific termination date. We or a State may terminate a Treasury-State agreement on 30 days written notice.

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE,
DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT
FEDERAL-STATE FUNDS TRANSFERS, Subpart A, Rules Applicable to Federal Assistance Programs
Included in a Treasury-State Agreement, Section 205.9—What Is a Treasury-State Agreement?

- (c) Funding techniques to be applied to Federal assistance programs subject to this subpart A.

CASH MANAGEMENT IMPROVEMENT ACT AGREEMENT BETWEEN THE STATE OF
CALIFORNIA AND THE SECRETARY OF THE TREASURY, UNITED STATES DEPARTMENT
OF THE TREASURY, PART 6—FUNDING TECHNIQUES, Section 6.2—Description of
Funding Techniques

Pre-Issuance

The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is interest neutral.

Monthly Estimate/Monthly Draw—Administrative Costs

Monthly operating and equipment expenditures shall be estimated monthly and estimated on the median day of the month. The State shall request payroll funds such that they are deposited to coincide with the State's monthly payroll cycle. The amount of the requests shall be an estimate of expenditures based on historical data. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The estimate will be reconciled to actual costs within 45 days after the end of the month, and future draws will be adjusted accordingly. This funding technique is interest neutral.

CASH MANAGEMENT IMPROVEMENT ACT AGREEMENT BETWEEN THE STATE OF
CALIFORNIA AND THE SECRETARY OF THE TREASURY, UNITED STATES DEPARTMENT
OF THE TREASURY, PART 6—FUNDING TECHNIQUES, Section 6.3 Application of Funding
Techniques to Programs, Section 6.3.2 Programs

93.563 Child Support Enforcement

Component: Payroll/Operating expenses

Technique: Monthly Estimate/Monthly Draw—Administrative Costs

Component: Payments to local agencies

Technique: Pre-Issuance

Condition

Child Support Services lacks adequate policies and procedures to provide reasonable assurance that cash management requirements are met for drawing federal funds for the CSE program administrative costs. Specifically, Child Support Services failed to consistently follow the funding technique specified in the Treasury-State Agreement (TSA) during state fiscal year 2007–08. The funding technique described in the agreement states that Child Support Services will estimate monthly operating and

equipment expenditures on the median day of the month and base that estimate on historical data. However, Child Support Services currently draws down only the amount of *actual expenditures* incurred up until the median day of the month instead of using historical data to estimate the amount expended as well as the amount it expects to expend during the remainder of the month. Child Support Services subsequently draws the actual amount of expenditures for the second half of the month during the next month's estimate. Child Support Services' current methodology relies on the State to pay for the expenditures until the federal government reimburses it. As a result, the State foregoes earning interest on these funds. Child Support Services has chosen not to estimate and draw down funds in advance for the second half of the month because of possible large changes in expenditures from month to month that it believes could skew the estimate. Nevertheless, Child Support Services' current process is not in compliance with the TSA.

Child Support Services also experienced difficulty conducting aspects of this process in a timely manner. Specifically, Child Support Services did not estimate operating and equipment expenditure costs on the required median day of the month for four of the eight months during fiscal year 2007–08 that it drew down federal funds for these purposes. The estimates were generally prepared two to five days after the required date. Child Support Services only drew down federal funds for eight of the 12 months for several reasons. For the first two months, it did not make an operating and equipment expenditure draw because the State's budget had not been approved. Later in the fiscal year, Child Support Services did not make operating and equipment expenditure draws in two months because of insufficient fund and award balances. Additionally, Child Support Services did not reconcile operating and equipment expenditure estimates within the required 45 days of the end of the month on four occasions. Reconciliations for these four months occurred 48 to 81 days after the required dates.

In addition, Child Support Services did not always use accurate information to calculate the median day estimate for two of the eight months we reviewed. Instead of including the total mid-month expenditures in the median day estimate, Child Support Services omitted more than \$300,000 of expenditures in November 2007 and more than \$80,000 of expenditures in January 2008, which resulted in inaccurate draws. A Child Support Services accounting administrator indicated that a keying error and a line item omission resulted in the November 2007 error, and that a line item omission resulted in the January 2008 error.

Finally, Child Support Services used the pre-issuance funding technique for certain operating and equipment expenditures, contrary to instruction set forth in the TSA. As a result, more than \$2.9 million was drawn using this process, and not the required monthly estimate/monthly draw process. The Department of Finance (Finance) stated that it has no objection to Child Support Services' use of this technique as long as these draws are not happening on a regular basis and only occur when Child Support Services does not have sufficient funds available in its clearing account to pay all obligations. Finance is planning to revise the TSA for either state fiscal year 2008–09 or for the following year to add language explicitly allowing Child Support Services to deviate from the monthly estimate/monthly draw technique when its funds run low. However, according to a Child Support Services accounting administrator, Child Support Services generally uses this technique whenever expenditures are charged that are reimbursed entirely from federal funds in contrast to the principles outlined by Finance.

Questioned Costs

Not applicable.

Recommendations

Child Support Services should follow the requirements specified in the TSA, including conducting the estimate and reconciliation processes in a timely manner and accurately estimating the amount of the entire month's expenditures. Child Support Services should also work with Finance to include a disclosure in the TSA that describes its use of the pre-issuance funding technique for certain categories

of operating and equipment expenditures. If the techniques described in the current TSA do not meet Child Support Services' needs, it should work with Finance to establish funding techniques that better fit its needs.

Department's View and Corrective Action Plan

Child Support Services concurs with the finding and is in the process of revising the monthly plan of financial adjustments (PFA) procedures to utilize historical data as the basis to ensure that the transfers are processed in a timely manner. However, Child Support Services does have outside constraints; for example, the lack of a state budget and/or budget restrictions that may be imposed by control agencies that affect our timeliness and/or ability to strictly utilize a historical process as a basis.

Procedures are also being revised to incorporate a review or cross-checking process to ensure that the PFAs are accurate.

In 2007–08, Child Support Services had received affirmation from Finance that the pre-issuance technique Child Support Services occasionally used was appropriate, and no changes to the TSA were necessary. Due to the current audit, Child Support Services once again contacted Finance, which resulted in Finance's agreement to incorporate the pre-issuance technique into the 2009–10 TSA.

Reference Number:	2008-3-11
Federal Catalog Number:	93.959
Federal Program Title:	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
Federal Award Numbers and Years:	08B1CASAPT; 2008 07B1CASAPT; 2007
Category of Finding:	Cash Management
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A, Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.6—What Is a Treasury-State Agreement?

- (a) A Treasury-State agreement documents the accepted funding techniques and methods for calculating interest agreed upon by us and a State and identifies the Federal assistance programs governed by subpart A. If anything in a Treasury-State Agreement is inconsistent with this subpart A, that part of the Treasury-State agreement will not have any effect and this subpart A will govern.

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the

statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

Condition

ADP advances one-twelfth of the counties' annual allocation to them on a monthly basis. On August 17, 2007, the Department of Finance and the U.S. Department of the Treasury executed a Cash Management Improvement Act Treasury-State Agreement (TSA) for fiscal year 2007–08. According to the TSA, ADP must use the pre-issuance funding technique to make payments to the counties. This funding technique requires the State to request federal funds such that they are deposited in a state account not more than three business days prior to the day the State makes a disbursement.

We tested 45 advance payments ADP made to the counties and found three in which the State disbursed the funds to the counties four business days after the funds were deposited in the State's account. The State's delays in making the disbursements occurred because either the State Controller's Office (SCO) identified an insufficient balance remaining on the contract for one of the payments submitted on the claim schedule or the SCO noted that there were insufficient funds available to process the claim schedules.

Additionally, we noted an instance in which the State disbursed the funds to a noncounty subgrantee 33 business days subsequent to the transfer of federal funds to the state account. Specifically, ADP received the federal funds on October 30, 2007, but the payment was not made to the subgrantee until December 18, 2007, primarily because the SCO rejected the claim schedule on November 7, 2007, due to insufficient funds. As a result of these errors, ADP was not in compliance with the TSA.

Recommendation

ADP should ensure that it submits accurate claims and has sufficient federal funds available before sending them to the SCO for payment.

Questioned Costs

Not applicable.

Department's View and Corrective Action Plan

ADP concurs that disbursement of funds was delayed in the examples cited. ADP would like to point out, however, that the vast majority of its transactions have been timely; an analysis of all pre-issuance funding for fiscal year 2007–08 showed that the weighted average was 1.93 days—well within the required three days.

The SAPT block grant is not part of the fiscal year 2008–09 TSA; therefore, ADP is unable to implement a corrective action plan specific to the Cash Management Improvement Act. However, the ADP will continue to use its existing procedures to ensure disbursement of federal funds occurs in a timely manner.

It is important to correct the Bureau of State Audits' (BSA) characterization of payments to the counties as "advances." ADP disburses funds monthly in arrears, per California Health and Safety Code, Section 11758.12: "These net amounts . . . shall be disbursed to participating counties monthly in arrears..."

Auditor's Comments on Department's View

The BSA believes its characterization of the payments to counties as advances is appropriate. The federal regulations related to SAPT allow ADP and its subgrantees to expend SAPT funds over a 24-month period. In its contracts with subgrantees, ADP states that "the State will reimburse the contractor monthly in arrears an amount equal to one-twelfth of the amount encumbered for the

negotiated net amount (NNA) portion of the approved contract or the most recent allocation based on the Budget Act allocation, whichever is less. However, based on expenditure information submitted by the counties in the Quarterly Federal Financial Management Report (QFFMR), the State may adjust monthly payments of encumbered federal funds to extend the length of time (not to exceed 21 months) over which payments of federal funds will be made.”

Because ADP is issuing monthly payments to its subgrantees based on either their NNA or their budget allocation and the subgrantees are receiving the funds before they are required to demonstrate they have incurred the expenditures, the BSA believes it is appropriate to characterize ADP’s payments to its subgrantees as advances. The BSA would also like to point out that ADP’s statement in its contract “the State will reimburse the contractor” is incorrect because a reimbursement can only occur after the subgrantees have presented ADP with a reimbursement claim that includes documentation to support their actual expenditures incurred.

Reference Number:	2008-3-13
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Number and Year:	2B09SM010005-07; 2007
Category of Finding:	Cash Management
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 45—PUBLIC WELFARE AND HUMAN SERVICES, PART 96—BLOCK GRANTS,
Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds.

WELFARE AND INSTITUTIONS CODE, Section 5713

Advances for funding mental health services may be made by the Director of Mental Health from funds appropriated to the department for local mental programs and services specified in the annual Budget Act. Any advances made pursuant to this section shall be made in the form and manner the Director of Mental Health shall determine. When certified by the Director of Mental Health, advances shall be presented to the Controller for payment. Each advance shall be payable from the appropriation made for the fiscal year in which the expenses upon which the advance is based are incurred. The advance may be paid monthly in 12 equal increments but the total amount advanced in one fiscal year shall not exceed 95 percent of the county’s total allocation for that year.

STATE OF CALIFORNIA 2007–08 FINAL BUDGET SUMMARY, CHAPTER 171/172, Page 406,
Provision 2

The Department of Mental Health may authorize advance payments of federal grant funds on a monthly basis to the counties for grantees. These advance payments may not exceed one-twelfth of Section 2.00 of the individual grant award for the 2007–08 fiscal year.

Condition

In our prior-year audit, we reported that Mental Health's procedures for monitoring the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services (SAMHSA CMHS) did not adequately ensure that the advances made to counties were appropriate. Specifically, the formula in an Excel spreadsheet that Mental Health used to verify that the counties did not have cash balances that were more than 15 percent of their monthly expenditures was flawed, and the 15 percent calculation was based on old information that often did not reflect the counties' current balances. Further, Mental Health did not follow the procedures that stipulate that a county's advance must be adjusted or not made when a county's cash balance exceeds 15 percent of its monthly expenditures. Finally, Mental Health's procedures did not require a supervisory review and approval of monthly advance amounts.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health did not implement procedures to address this finding. We observed that Mental Health continued to use the same procedures for fiscal year 2007–08 to determine the amount to pay counties, including using the same flawed spreadsheet. According to its program staff, Mental Health has revised the spreadsheet, and it will be implemented in fiscal year 2009–10. During our review of payment authorizations for fiscal year 2007–08, we found only one instance where, according to Mental Health's calculations, a county had excessive cash on hand and still received an unadjusted payment. However, we reported last year that this spreadsheet should not be relied upon to make an accurate determination of counties' cash on hand. Finally, Mental Health has yet to require a supervisory review and approval of the monthly advance amounts.

These deficiencies continue to hamper Mental Health's determination of acceptable cash balances for the counties and its ability to make appropriate adjustments to their cash advances if needed. Further, until it addresses these issues, it cannot demonstrate that the amount of federal funds it is requesting represents its actual immediate cash requirement for carrying out the program.

Questioned Costs

Not applicable.

Recommendations

Mental Health should establish procedures to accurately monitor county SAMHSA CMHS cash balances and to adjust its advances to them in accordance with its procedures. Mental Health should also document any exceptions and require supervisory review of payment authorizations prior to submitting the authorizations to the accounting unit.

Department's View and Corrective Action Plan

Mental Health stated it will establish and implement procedures to accurately monitor county SAMHSA CMHS cash balances. Mental Health also stated that its practice of providing advances to counties has been discontinued. Finally, Mental Health stated it will also document any exceptions and require supervisory review of payment authorizations prior to submitting the authorizations to the accounting unit.

Reference Number:	2008-5-1
Federal Catalog Number:	93.044
Federal Program Title:	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers
Federal Award Numbers and Years:	08AACAT3SP; 2008 07AACAT3SP; 2007
Category of Finding:	Eligibility
State Administering Department:	Department of Aging (Aging)

Federal Catalog Number:	93.045
Federal Program Title:	Special Programs for the Aging—Title III, Part C—Nutrition Services
Federal Award Numbers and Years:	08AACAT3SP; 2008 07AACAT3SP; 2007

Federal Catalog Number:	93.053
Federal Program Title:	Nutrition Services Incentive Program
Federal Award Numbers and Years:	08AACANSIP; 2008 07AACANSIP; 2007

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 35—PROGRAMS FOR OLDER AMERICANS, SUBCHAPTER III—Grants for State and Community Programs on Aging, Section 3027—State Plans

(a)(1) The plan shall—

- (A) require each area agency on aging designated under section 3025(a)(2)(A) of this title to develop and submit to the State agency for approval, in accordance with a uniform format developed by the State agency, an area plan meeting the requirements of section 3026 of this title.

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 35—PROGRAMS FOR OLDER AMERICANS, SUBCHAPTER III—Grants for State and Community Programs on Aging, Section 3025—Designation of State Agencies

(a)(2) the State agency shall—

- (C) in consultation with area agencies, in accordance with guidelines issued by the Assistant Secretary, and using the best available data, develop and publish for review and comment a formula for distribution within the State of funds received under this subchapter that takes into account—
 - (i) the geographical distribution of older individuals in the State; and

- (ii) the distribution among planning and service areas of older individuals with greatest economic need and older individuals with greatest social need, with particular attention to low-income minority older individuals.
- (D) submit its formula developed under subparagraph (C) to the Assistant Secretary for approval.

Condition

The U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (A-133 Compliance Supplement) issued in March 2008 suggests auditors perform procedures to verify amounts awarded to subrecipients were within funding limits. Our review found that Aging did not always maintain supporting documentation for certain amounts used in its calculation of awards to its subgrantees. Specifically, federal law allows Aging to use a portion of its grant to conduct an effective ombudsman program. In calculating its fiscal year 2007–08 allocation, Aging deducted \$889,000 from its federal fiscal year 2007 grant for the ombudsman program but could not provide supporting documentation for this amount. Additionally, federal law requires that Aging place special emphasis on older individuals with the greatest economic or social need, with particular attention to low-income minority older individuals. According to the intrastate funding formula found in its state plan, Aging takes this into account by defining older as age 60 and above and by assigning weights to factors such as income levels, minority status, and geographical areas. However, Aging could not provide the census and low income data it used to calculate the weighted factor for each of its subgrantees. Thus, we were unable to determine whether Aging’s awards to its subgrantees were within the funding limits outlined in its state plan. According to a program analyst, the employee who prepared the 2007–08 allocation no longer works for Aging, and the program analyst was unable to locate any of the supporting documentation. The program analyst also stated that he has taken steps to ensure that supporting documentation exists for the 2008–09 allocation.

Questioned Costs

Not applicable.

Recommendations

To the extent possible, Aging should recreate its fiscal year 2007–08 allocation to subgrantees and retain all documentation pertaining to the calculation as evidence of its compliance with the eligibility requirements. If differences exist between the original calculation and the revised calculation, Aging should adjust these amounts on its next annual allocation. Aging should also ensure that for future allocations it documents the methodology used and retains all supporting documentation.

Department’s View and Corrective Action Plan

Ombudsman’s \$889,000 State Operations:

The Older Americans Act provides that the State Unit on Aging may determine the amount of the federal grant it uses to support the Office of the State Long Term Care Ombudsman (OSLTCO). The amount budgeted and deducted in fiscal year 2007–08 represents a historical baseline of support. Aging is in the process of documenting the methodology used to determine the federal portion. Staff will also prepare procedures that identify what supporting documentation must be retained in the file in order to ensure that federal requirements have been met.

Demographics Supporting The 2007–08 Allocations:

Aging appreciates the issues raised by the Bureau of State Audits (BSA). As recommended, staff will prepare procedures that cover the processes of both the data and budget teams in order to ensure that the methodology is consistent with federal requirements, processes are clearly documented, and new staff coming in is aware they must retain the appropriate supporting documentation in clearly marked files.

Subsequent to the BSA's exit, Aging's budget staff identified supporting demographic data for the fiscal year 2007–08 allocations, which will be provided upon request.

Aging's data team is in the process of validating the demographic data they prepared and provided to the budget staff when the fiscal year 2007–08 allocations were originally made. Aging does not anticipate a need to recreate or revise the allocation as suggested in the BSA's recommendations. If the data cannot be validated for any reason, Aging will re-evaluate the appropriate course of action.

Reference Number:	2008-5-6
Federal Catalog Number:	93.568
Federal Program Title:	Low-Income Home Energy Assistance (LIHEAP)
Federal Award Numbers and Years:	G-08B1CALIEA; 2008 G-07B1CALIEA; 2007
Category of Finding:	Eligibility
State Administering Department:	Department of Community Services and Development (CSD)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 94—LOW-INCOME ENERGY ASSISTANCE, SUBCHAPTER II—LOW-INCOME HOME ENERGY ASSISTANCE, Section 8624—Applications and Requirements

(b) Certifications required for covered activities

As part of the annual application required by subsection (a) of this section, the chief executive officer of each State shall certify that the State agrees to—

- (2) make payments under this subchapter only with respect to—
 - (B) households with incomes which do not exceed the greater of—
 - (i) an amount equal to 150 percent of the poverty level for such State; or
 - (ii) an amount equal to 60 percent of the State median income.

TITLE 8—ALIENS AND NATIONALITY, CHAPTER 14—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS, SUBCHAPTER I—ELIGIBILITY FOR FEDERAL BENEFITS, Section 1611—Aliens Who Are Not Qualified; Aliens Ineligible for Federal Public Benefits

(a) In general

Notwithstanding any other provision of law and except as provided in subsection (b) of this section, an alien who is not a qualified alien (as defined in section 1641 of this title) is not eligible for any Federal public benefit (as defined in subsection (c) of this section).

TITLE 8—ALIENS AND NATIONALITY, CHAPTER 14—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS, SUBCHAPTER IV—GENERAL PROVISIONS, Section 1642—Verification of Eligibility for Federal Public Benefits

(d) No verification requirement for nonprofit charitable organizations

Subject to subsection (a) of this section, a nonprofit charitable organization, in providing any Federal public benefit (as defined in section 1611(c) of this title) or any State or local public benefit (as defined in section 1621(c) of this title), is not required under this chapter to determine, verify, or otherwise require proof of eligibility of any applicant for such benefits.

Condition

CSD contracts with local agencies to make eligibility determinations and to provide assistance under LIHEAP to eligible participants residing in their service areas. However, local agencies did not always maintain sufficient documentation such as applicants' monthly income or citizenship status to substantiate their eligibility determinations. Specifically, our review of 24 (26.7 percent) of the 90 applicant files tested found that local agencies did not provide us with sufficient documents supporting applicants' monthly income amounts. For example, CSD's *LIHEAP Eligibility and Verification Guide* (guide) states that proof of income documents submitted by the applicant must be within six weeks of the applicant's intake date, which is the date the applicant applies for the services. Yet, in 15 instances local agencies accepted documents from applicants that were up to 19 months from the applicants' intake dates. In other instances, local agencies did not provide sufficient documentation supporting the amount of the applicants' incomes. For example, one local agency allowed the applicant to provide a signed statement regarding the receipt of spousal support when CSD's guide requires applicants to provide a current signed and dated statement from the person providing the support.

We also found that public local agencies did not obtain sufficient citizenship documentation for six (26.1 percent) of 23 applicants. For five of these applicants, the public local agencies relied on the birth certificates of the applicants' children to establish citizenship rather than the applicants' own birth certificates. CSD's guide lists acceptable citizenship documents such as the applicant's U.S. birth certificate and passport. Also, according to a CSD manager, the use of a child's birth certificate is an unacceptable practice. For the sixth applicant, the public local agency did not provide us with any documentation to substantiate the applicant's citizenship. When local agencies do not follow appropriate CSD guidance for eligibility determinations, they may inappropriately allow ineligible applicants to receive LIHEAP benefits.

Additionally, we found that CSD's computer system used to track intake and eligibility determinations contained an error that could have affected local agencies' eligibility determinations for certain applicants. We also found similar errors in CSD's published guide. Specifically, in its computer system, CSD incorrectly coded the monthly income limit for a household size of 18 at \$5,828, which is \$112 lower than the actual monthly income limit of \$5,940. CSD also incorrectly coded the annual income limit for a household size 18 as \$69,932, which is \$1,345 lower than it should have been. Further, in its 2008 guide CSD published an incorrect maximum monthly income for a household size of 18 as \$6,046, which is \$106 higher than the \$5,940 it should have been. CSD also published incorrect maximum annual income amounts for household sizes ranging from 10 through 17, resulting in errors included in annual amounts that were either \$95 too low or \$1,273 too high. Although our eligibility testing revealed no instances when incorrect eligibility determinations were made based on these incorrect amounts, local agencies that relied on them may have inappropriately approved or disapproved applicants for LIHEAP services. A CSD manager attributed the mistaken income amounts to typographical errors.

Finally, we noted that the flexibility CSD allows when calculating monthly income amounts could lead local agencies to inappropriately approve some applicants whose monthly income amounts would otherwise make them ineligible. CSD calculates limits on monthly income for determining the eligibility of applicants from various household sizes using factors that include the median annual income for a California family of four, as determined by the U.S. Census Bureau. However, when applicants present local agencies with income documents that are weekly or biweekly, CSD's guide allows local agencies to calculate an applicant's monthly income amount by using multipliers of 4 or 4.333 for weekly income amounts and either 2 or 2.167 for biweekly income amounts. When local agencies use 4 as a multiplier for weekly income amounts or 2 for biweekly income amounts, they could inappropriately approve some applicants whose monthly income would otherwise exceed federal annual income standards.

For example, if a local agency applied a multiplier of 4 to an applicant's weekly income of \$880, the calculated monthly income would be \$3,520, or \$42,240, which equates to a 48-week year. With a household size of four, the applicant would be within the maximum income limit of \$3,535.58 per month, or \$42,427 annually, for LIHEAP eligibility. However, if a local agency applies a multiplier of 4.333, the calculated monthly income would be \$3,813.04, or \$45,756.48 annually, which equates to a 52-week year. With a household size of four, this applicant would be above the maximum income limit and deemed ineligible to receive assistance. A CSD manager stated that it provided local agencies this flexibility because CSD is guided by the need to grant "local determination" and that it allows local agencies to determine which method to use to calculate income as long as they use it consistently.

Questioned Costs

Payments of \$7,022.78 to nine applicants out of a total of \$58,257.10 in payments to our sample of 90 applicants.

Recommendations

CSD should ensure that local agencies use only acceptable documentation to verify applicants' income and citizenship. CSD should also ensure that local agencies maintain adequate documentation to support their eligibility determinations for LIHEAP applicants. Further, before using its computer system to verify eligibility and before publishing its annual *LIHEAP Eligibility and Verification Guide*, CSD should ensure that the income levels they contain are accurate. Finally, CSD should require local agencies to calculate an applicant's monthly income amount by multiplying weekly income amounts by 4.333 or biweekly income amounts by 2.167.

Department's View and Corrective Action Plan

CSD provided the following response:

1. To ensure that local agencies clearly understand the acceptable forms for determining eligibility, including citizenship, and calculating monthly income, CSD will revise the LIHEAP Eligibility and Verification Guide to clearly and concisely define the requirements. Currently, during CSD's on-site field monitoring, its field analysts select a random sample of client files to verify compliance with client income eligibility and citizenship document requirements. Field analysts will provide training and technical assistance on-site if income eligibility discrepancies exist to build the local agencies' knowledge of eligibility requirements. CSD will continue this practice, and will conduct training on eligibility in the near future.
2. CSD will evaluate the documentation the Bureau of State Audits (BSA) collected to determine the validity of the documentation in question and make a determination if the questioned costs are allowable. If the questioned costs are not allowable, CSD will notify the agency that the costs are disallowed and seek reimbursement from the agency.
3. After careful review of the 2008 eligibility guidelines published on our computer system for a household size of 18, CSD did not incorrectly post the monthly income for a household size of 18. To ensure that the eligibility guidelines are correctly posted in our system, CSD has internal systems in place to verify the accuracy of guidelines and benefit levels in the computer system before actual payments are made. Prior to the beginning of a program year, a sampling of applications are entered in a test database and monitored for accuracy. In addition, CSD is required to submit and obtain approval from the State Controller's Office on a test file of the forthcoming program year criteria before generating actual payments.
4. When a client is unable to supply a full month of income verification, CSD agrees with the recommendation to adopt a consistent method for calculating an applicant's monthly income by multiplying weekly income amounts by 4.333 or biweekly income amounts by 2.167. CSD will review its requirements on determining the calculation of income and establish one standard.

Auditor’s Comments on Department’s View

Regarding the statements made by CSD in item 3 of its view and corrective action plan, the Bureau of State Audits (BSA) stands by the statements included in its finding and the related recommendation. On February 17, 2009, the BSA requested CSD to provide information BSA could use to verify that the formulas used in CSD’s computer system for eligibility purposes were accurate. At that time, CSD was unable to test its computer system and respond to the BSA’s request. Instead, on February 18, 2009, CSD provided the BSA with a spreadsheet that purportedly showed the median income guidelines and monthly income amounts. CSD provided the spreadsheet to its information technology staff for use in eligibility determinations. The BSA examined the spreadsheet and identified the errors discussed in its finding.

Reference Number:	2008-5-7
Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407, 2008 0701CA1407, 2007
Category of Finding:	Eligibility
State Administering Department:	Department of Social Services (Social Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 1356—REQUIREMENTS APPLICABLE TO TITLE IV-E, Section 1356.41—Nonrecurring Expenses of Adoption

- (b) The agreement for nonrecurring expenses may be a separate document or a part of an agreement for either State or Federal adoption assistance payments or services. The agreement for nonrecurring expenses must be signed prior to the final decree of adoption, with two exceptions:
 - (1) Cases in which the final decree of adoption was entered into on or after January 1, 1987, and within six months after the effective date of the final rule; or
 - (2) Cases in which a final decree was entered into before January 1, 1987, but nonrecurring adoption expenses were paid after January 1, 1987.

AGENCY ADOPTION PROGRAM MANUAL, Section IV—Adoption Assistance Program, Part 2—Forms

- (2) To satisfy the disclosure requirements and for AAP management, the following forms and written materials have been established:
 - 8. AAP Benefit Determination and Approval form

Condition

Social Services can improve the operating effectiveness of its internal controls over eligibility. Specifically, one of the 32 adoption case files we reviewed did not contain the appropriate approvals. Social Services’ Adoptions Services Bureau (Adoptions Services) requires supervisors in its seven district offices to review case file documentation and verify the eligibility determinations made by the adoption specialists assigned to the cases. The supervisors sign the AAP Benefit Determination and Approval form to indicate their review and approval. However, one of the case files we reviewed did not

contain the form. The manager of the district office could not explain why this form was absent from the adoption case file. Consequently, there was no evidence that the district office adoption specialist and supervisor reviewed and approved the family's benefit amount.

Furthermore, we also noted two other instances related to missing forms. Specifically, federal regulations require the adoptive parent(s) to sign the Agreement for Reimbursement of Nonrecurring Expenses of Adoption (agreement) prior to the final decree of adoption. However, this agreement was absent from two of the 33 case files we tested at two of Social Services' district offices. A supervisor at one district office stated the agreement was absent from the case file because the private adoption agency failed to provide the district office with a copy of the signed agreement. The manager from the other district office did not provide an explanation for the missing agreement. By not ensuring that adoption case files contain documentation required by federal regulations, Social Services runs the risk of the federal government disallowing reimbursement for the nonrecurring costs of adoptions.

Questioned Costs

Not applicable.

Recommendation

Social Services should establish a quality control process to ensure that staff in its Adoption Services are retaining the appropriate documentation to demonstrate that it is following established internal control procedures and complying with federal laws and regulations.

Department's View and Corrective Action Plan

Social Services stated that it concurs with the finding. A closing work sheet is used to ensure all documentation is approved before adoption case records are closed and filed. Supervisors will monitor this work sheet to determine if all documentation is present in each case file and sign off on their review.

The Adoption Services central office will be standardizing the district office's closing case summary checklist and requiring a supervisor's signature on all case closing review/summary sheets. Adoptions Services will provide training to supervisors so they are aware of the new form and protocol.

Reference Number:	2008-7-3
Category of Finding:	Matching, Level of Effort, Earmarking
State Administering Department:	Department of Aging (Aging)
Federal Catalog Number:	93.044
Federal Program Title:	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers
Federal Award Numbers and Years:	08AACAT3SP; 2008 07AACAT3SP; 2007 06AACAT3SP; 2006

Federal Catalog Number: 93.045
Federal Program Title: Special Programs for the Aging—Title III,
Part C—Nutrition Services
Federal Award Numbers and Years: 08AACAT3SP; 2008
07AACAT3SP; 2007
06AACAT3SP; 2006

Federal Catalog Number: 93.053
Federal Program Title: Nutrition Services Incentive Program
Federal Award Numbers and Years: 08AACANSIP; 2008
07AACANSIP; 2007
06AACANSIP; 2006

Criteria

Title 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (a) A state must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

TITLE 45—PUBLIC WELFARE, PART 1321—GRANTS TO STATE AND COMMUNITY PROGRAMS ON AGING, Subpart B—State Agency Responsibilities, Section 1321.49—State Agency Maintenance of Effort

In order to avoid a penalty, each fiscal year the State agency, to meet the required non-federal share applicable to its allotments under this part, shall spend under the State plan for both services and administration at least the average amount of State funds it spent under the plan for the three previous fiscal years. If the State agency spends less than this amount, the Commissioner reduces the State's allotments for supportive and nutrition services under this part by a percentage equal to the percentage by which the State reduced its expenditures.

Condition

Aging lacks adequate policies and procedures to provide reasonable assurance that matching, level of effort, and earmarking requirements are met for the programs it administers using only allowable funds or costs that are properly calculated and valued. Specifically, Aging does not have an official written policy that outlines factors such as its methods of valuing matching requirements and the allowable costs that may be claimed. Further, Aging's accounting section does not have written policies and procedures that include the review and approval of its calculations and the amounts it reports to the federal government. According to its fiscal branch manager, in response to our prior-year finding, Aging is still in the process of compiling official written policies and procedure manuals that document the underlying policies and steps taken by its budget, accounting, and program staff to ensure compliance with the requirements. He also stated that Aging is working toward providing training to its accounting

staff and establishing a monthly review process. However, until Aging completes the tasks outlined by its fiscal branch manager, the absence of controls will continue to hinder Aging's ability to prevent errors or detect early any errors that may exist.

In fact, we determined that the Certification of the Maintenance of Effort filed for federal fiscal year 2007 relies on a spreadsheet that includes various calculations to arrive at the state expenditures. However, we found that the formulas in the spreadsheet contain numerous errors and that some of the amounts are not supported by the accounting records. Therefore, we are unable to determine if Aging is in compliance with the level-of-effort requirements. Additionally, the certification was filed about one week after the due date established by the U.S. Department of Health and Human Services.

Questioned Costs

Not applicable.

Recommendations

Aging should establish policies and procedures to ensure that it complies with the matching, level of effort, and earmarking requirements of the programs it administers. Aging should also follow through on its plans to provide training to its accounting staff and to establish a monthly review process. Finally, Aging should revise the calculation spreadsheet it used for the federal fiscal year 2007 certification of the maintenance of effort to ensure that it contains accurate formulas and amounts, and resubmit the certification if necessary to the U.S. Department of Health and Human Services.

Department's View and Corrective Action Plan

Aging will complete the accounting procedures already started and provide its accounting staff with training on its fiscal team's budgeting, payment, and monitoring processes so that the accounting staff understand how their procedures and the program's procedures overlap to ensure that matching requirements are met and costs are allowable. Furthermore, to ensure the accuracy of future submissions, Aging will include in these procedures additional levels of review to detect and prevent errors.

Aging will correct the errors in the formulas and regenerate the maintenance of effort (MOE) calculations. The MOE is a process where Aging reports that its expenditures supporting a grant equal or exceed the average amount of state funds it spent in the three previous fiscal years. Once corrected, Aging will conduct an analysis to determine the impact to the three-year average requirement and if a corrected MOE certification needs to be submitted. Aging has already notified the U.S. Department of Health and Human Services' Administration on Aging that it is in the process of reviewing and possibly resubmitting the MOE.

Reference Number:	2008-7-12
Federal Catalog Number:	93.568
Federal Program Title:	Low-Income Home Energy Assistance (LIHEAP)
Federal Award Number and Year:	G-07B1CALIEA; 2007
Category of Finding:	Earmarking
State Administering Department:	Department of Community Services and Development (CSD)

Criteria

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to:
 - (a) permit preparation of reports required by the statute authorizing the block grant and
 - (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

Condition

CSD lacks evidence of a review and approval process to ensure that its subgrantees do not exceed earmarks. Specifically, CSD uses an allocation spreadsheet to distribute the LIHEAP award to its subgrantees. This allocation spreadsheet is used to help CSD ensure that it does not award money to its subgrantees that exceeds the earmarks for weatherization, administration, Assurance 16, and developing leveraging assistance programs. Although CSD staff stated that management reviewed the spreadsheet, CSD provided no evidence of this review process. Without a formal review and approval process, CSD is unable to demonstrate that it has adequate controls for the earmarking requirement.

Questioned Costs

Unknown

Recommendation

CSD should revise its allocation spreadsheet to include evidence of its review and approval of this document.

Department's View and Corrective Action Plan

CSD provided the following response:

Because CSD is a small department with staff that work very closely with one another, the allocation spreadsheets have been personally hand carried to executive staff for review and given verbal approval before finalization and distribution. However, CSD agrees with the recommendation to demonstrate evidence of the review and approval process.

CSD's corrective action plan to address the Bureau of State Audits' recommendation is to attach a Review/Approval Route Tag (Greenie)—Form CSD 601 to the allocation spreadsheet packet to be signed and dated by the Energy Division manager, Financial Services manager, deputy director of Administration, chief deputy director, and director. Once approved and finalized for distribution, the original allocation packet with the attached signed route tag will be kept on file.

Reference Number:	2008-7-13
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services

Federal Award Numbers and Years:	2B09SM010005-07; 2007 06B1CACMHS-01; 2006 05B1CACMHS-01; 2005
Category of Finding:	Earmarking
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—Block Grants Regarding Mental Health and Substance Abuse, Subpart i—Block Grants for Community Mental Health Services, Section 300X-5—Restrictions on Use of Payments

(b) Limitation on administrative expenses—

A funding agreement for a grant under section 300x of this title is that the State involved will not expend more than 5 percent of the grant for administrative expenses with respect to the grant.

Condition

In our prior-year audit we reported that Mental Health did not have an official written policy or procedures in place to ensure that administrative costs were charged appropriately to the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services (SAMHSA CMHS). Mental Health charged all or only a portion of salaries for certain key SAMHSA CMHS staff to the grant based on approved time sheets, but other expenditures such as travel were allocated to the SAMHSA CMHS grant by staff's choice.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health had not developed written policies and procedures to ensure that it consistently and properly applied administrative costs to the SAMHSA CMHSA grant. According to its chief of financial services, Mental Health plans to update its procedures by March 1, 2009. Without an official policy that outlines the allowable costs that may be claimed and procedures such as supervisory reviews, Mental Health cannot reasonably assure that earmarking requirements are met using only allowable costs.

Questioned Costs

Unknown

Recommendation

Mental Health should establish a written policy, as well as processes and procedures, to ensure that only allowable costs are used to meet the earmarking requirement.

Department's View and Corrective Action Plan

Mental Health stated that it has updated its procedures and that they are under review and pending the approval of its management. Mental Health also stated that it plans to conduct a review of the current process and will develop a written policy and procedures to ensure that only allowable costs are used to meet the earmarking requirement.

Reference Number:	2008-7-14
Federal Catalog Number:	93.958

Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Numbers and Years:	2B09SM010005-07; 2007 06B1CACMHS-01; 2006 05B1CACMHS-01; 2005
Category of Finding:	Level of Effort—Maintenance of Effort
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—Block Grants Regarding Mental Health and Substance Abuse, Subpart i—Block Grants for Community Mental Health Services, Section 300x-2—Certain Agreements

(a) Allocation for systems of integrated services for children

(1) In general

With respect to children with a serious emotional disturbance, a funding agreement for a grant under sections 300x of this title is that —

- (A) in the case of a grant for fiscal year 1993, the State involved will expend not less than 10 percent of the grant to increase (relative to fiscal year 1992) funding for the system of integrated services described in section 300x-1(b)(9)(1) of this title;
- (B) in the case of a grant for fiscal year 1994, the State will expend not less than 10 percent of the grant to increase (relative to fiscal year 1993) funding for such a system; and
- (C) in the case of a grant for any subsequent fiscal year, the State will expend for such a system not less than an amount equal to the amount expended by the State for fiscal year 1994.

(2) Waiver

- (A) Upon the request of a State, the Secretary may provide to the State a waiver of all or part of the requirement established in paragraph (1) if the Secretary determines that the State is providing an adequate level of comprehensive community mental health services for children with a serious emotional disturbance, (2) as indicated by a comparison of the number of such children for which such services are sought with the availability in the State of the services.
- (B) The Secretary shall approve or deny a request for a waiver under subparagraph (A) not later than 120 days after the date on which the request is made.
- (C) Any waiver provided by the Secretary under subparagraph (A) shall be applicable only to the fiscal year involved.

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—Block Grants Regarding Mental Health and Substance Abuse, Subpart i—Block Grants for Community Mental Health Services, Section 300x-4—Additional Provisions

(b) Maintenance of Effort regarding State expenditures for Mental Health

(1) In general

A funding agreement for a grant under section 300x of this title is that the State involved will maintain State expenditures for community mental health services at a level that is not less than the average level of such expenditures maintained by the State for the 2-year period preceding the fiscal year for which the State is applying for the grant.

(2) Exclusion of certain funds

The Secretary may exclude from the aggregate State expenditures under subsection (a) of this section, funds appropriated to the principal agency for authorized activities which are of a non-recurring nature and for a specific purpose.

(3) Waiver

The Secretary may, upon the request of a State, waive the requirement established in paragraph (1) if the Secretary determines that extraordinary economic conditions in the State justify the waiver.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Register Vol. 66, No. 130 (July 6, 2001), contains a notice from the Substance Abuse and Mental Health Service Administration (SAMHSA) executive officer specifying that states are required as a condition of receipt of funds to maintain State expenditures for community based mental health services for adults with serious mental illness (SMI) and children with serious emotional disturbance (SED) at a level that was equal to the average expenditures for such purposes over the previous two years. The federal register also stated that the Secretary, as a matter within his discretion, had the authority to exclude from the calculation of the maintenance of effort “funds appropriated to the principal agency for authorized activities which are of a non-recurring nature and for a specific purpose.”

Condition

In our prior-year audit we reported that Mental Health lacked processes and procedures to ensure that it complies with the maintenance of effort (MOE) requirement for this program. Specifically, for the MOE requirement related to the allocation for systems of integrated services for children with SED, we found that two of the seven components that Mental Health included in its MOE calculation—the Early Mental Health Initiative (EMHI) program and the California AIDS mental health project—did not specifically target children with SED. Mental Health also did not provide documentation to support the percentages it applied against the total of managed care and realignment dollars to arrive at the amount it reported as expenditures for children with SED. Finally, Mental Health was unable to provide documentation that showed the components and expenditures that were used to generate the fiscal year 1994–95 threshold of \$160 million. For the MOE requirement related to the State’s expenditures for community mental health services, we found that Mental Health did not report all state expenditures for adults with SMI and children with SED. Specifically, it did not include any expenditures made with funds from the Mental Health Services Act (MHSA), and it could not positively state whether other state agencies fund community mental health programs for adults with SMI or children with SED. Finally, one of the six components—the EMHI program—Mental Health included in its calculations of total expenditures for community mental health services did not specifically target adults with SMI or children with SED.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health had not corrected this finding. Specifically, for its fiscal year 2007–08 calculation of the MOE for integrated services for children with SED, Mental Health continued to include amounts for the EMHI program and the California AIDS mental health project. Additionally, Mental Health had yet to determine how the percentages it applied against the total managed care and realignment dollars used for the calculation of the MOE were derived. Finally, Mental Health continued to be unable to provide documentation to show the components and expenditures that it used to calculate the fiscal year 1994–95 threshold amount. For the calculation of the MOE for community mental health services

for fiscal year 2007–08, Mental Health continued to include an amount for the EMHI program. Additionally, Mental Health did not report all state expenditures for adults with SMI and children with SED. For example, it did not include any funding from the MHSA in its calculation.

However, we noted for its fiscal year 2008–09 MOE, Mental Health removed the EMHI program and the California AIDS mental health project from its calculation for the integrated services for children with SED and the EMHI program from its calculation for community mental health services. Also, according to staff in its budgets office, Mental Health is examining the possibility of including components of MHSA in its calculation of the MOE for community mental health services. Until it includes only appropriate expenditures in its calculation of MOE and can adequately support that calculation, Mental Health cannot ensure that it is complying with the MOE requirement for both integrated services for children with SED and for community mental health services.

Finally, Mental Health did not provide us with its plans for providing documentation to support the percentages it applied against the total of managed care and realignment dollars to arrive at the amount it reported as expenditures for children with SED or documentation to support the components and expenditures that were used to generate the fiscal year 1994–95 threshold of \$160 million.

Questioned Costs

Not applicable.

Recommendations

Mental Health should ensure its calculation of the MOE for integrated mental health services for children with SED contains only allowable expenditures. Further, it should reevaluate the percentages used to support the managed care and realignment dollars used in its calculation and retain the supporting documentation. Finally, Mental Health should use the dollar amounts reported in the audited financial statements for the fiscal year 1994–95 threshold.

Mental Health should revise its methodology for calculating the community mental health services MOE requirement to accurately capture and report all state expenditures for adults with SMI and children with SED only.

Department’s View and Corrective Action Plan

Mental Health stated it will conduct a reengineering evaluation of the current processes and procedures to ensure that the methodology used to calculate MOE is consistent with federal requirements and the Center for Mental Health Services’ guidelines. In addition, Mental Health stated it will review its methodology for the calculation of the MOE related to services for children with SED (the set-aside) in consultation with the Center for Mental Health Services. Finally, Mental Health stated it will retain supporting documentation in the future.

Reference Number:	2008-8-9
Federal Catalog Number:	93.959
Federal Program Title:	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
Federal Award Number and Year:	07B1CASAPT; 2007
Category of Finding:	Period of Availability

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—BLOCK GRANTS REGARDING MENTAL HEALTH AND SUBSTANCE ABUSE, Subpart iii—General Provisions, Section 300x-62—Availability to States of Grant Payments

Any amounts paid to a State for a fiscal year under section 300x or 300x-21 of this title shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were paid.

Condition

ADP does not follow its procedures for ensuring that its county subgrantees expend all funds awarded to them before the period of availability for the grant expires. Specifically, ADP requires the counties to submit their SAPT expenditure data to it quarterly. ADP's policies require its staff to review the counties' quarterly expenditure data to ensure that they are not at risk of losing the SAPT funds. If counties' expenditure data indicate they will not spend SAPT funds before the end of the period of availability, ADP staff will work with them to either ensure timely expenditure of funds or to reallocate their awards to other counties. The period of availability for the federal fiscal year 2007 grant was October 1, 2006, through September 30, 2008.

However, our review of six of the 58 counties found that one county did not expend the SAPT funds allocated to it by September 30, 2008. Specifically, one county expended 91 percent of its allocation. Further, although ADP provided some documentation to demonstrate that it followed up with this county, its follow-up occurred too late to ensure reallocation of the \$31,536 in excess funds to other counties. Moreover, when we asked ADP whether it had made efforts to obtain the unspent funds back from this county, one of its senior accounting officers stated that ADP has not yet invoiced the county, but it plans to do so by February 27, 2009.

Questioned Costs

\$31,536 (allocation to one county not spent as of September 30, 2008).

Recommendation

ADP should ensure that it monitors the counties' expenditures and follows up on any discrepancies between their allocations and expenditures promptly.

Department's View and Corrective Action Plan

ADP stated that it is in the process of reviewing and updating its procedures.

ADP also stated that the expenditure period for the federal fiscal year 2007 Substance Abuse Prevention and Treatment Block Grant was October 1, 2006, through September 30, 2008. The ending date of the period of availability is in the state fiscal year 2008–09, which is outside the scope of this audit.

ADP is currently in the process of settling the county cost reports; it is following its established procedures for recovering the unexpended federal fiscal year 2007 SAPT block grant funds. The recovery letter was sent to Alpine County on January 30, 2009.

Auditor’s Comments on Department’s View

The review of the Bureau of State Audits (BSA) focused on activities undertaken by ADP staff for all SAPT grants open during state fiscal year 2007–08. The BSA found that as of June 30, 2008, two of ADP’s subgrantees had expended less SAPT funds than ADP had disbursed to them. The BSA followed up to determine whether ADP took subsequent actions in accordance with its policies and procedures to ensure that subgrantees expend the funds before the grant closed and found that for one subgrantee it had not.

Reference Number:	2008-8-11
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Numbers and Years:	2B09SM010005-07; 2007 06B1CACMHS-01; 2006 05B1CACMHS-01; 2005
Category of Finding:	Period of Availability
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—Block Grants Regarding Mental Health and Substance Abuse, Subpart iii—General Provisions, Section 300x-62—Availability to States of Grant Payments

Any amounts paid to a State for a fiscal year under Section 300x or 300x-21 of this title shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were paid.

Condition

In our prior-year audit, we reported that Mental Health did not have an adequate process to establish obligations of federal awards to counties for a predetermined time period. The total amount Mental Health obligated to counties for fiscal year 2006–07 was unclear, and Mental Health did not ensure the federal award was expended within the period of availability. Specifically, Mental Health used \$3.1 million of its \$52.3 million drawdown from the 2006 Block Grants for Community Mental Health Services (CMHS) to pay expenditures from fiscal years other than fiscal year 2006–07.

During our follow-up work for fiscal year 2007–08, we found that Mental Health partially corrected this finding. On August 20, 2008, Mental Health issued a letter to notify the counties of the total proposed allocation to them from the 2007 CMHS grant, which agreed with the amount shown on its balance sheet. However, Mental Health did not revise its accounting procedures to instruct staff on how to charge expenditures to each CMHS grant so that it could ensure the two-year period of availability requirement is met. Mental Health instructs its staff to draw down federal funds for the actual state fiscal year the expenditures are incurred. For example, the 2008 CMHS grant has a two-year period of availability that starts October 1, 2007, and ends September 30, 2009. Mental Health would allocate these funds for state fiscal year 2008–09, which extends from July 1, 2008, through June 30, 2009.

According to its accounting staff, Mental Health verbally instructed them to follow this procedure in approximately September 2008. However, until Mental Health fully implements its revised accounting procedures for expending federal award funds, it cannot ensure that federal funds are expended within the period of availability.

Questioned Costs

Unknown

Recommendation

Mental Health should implement its recently revised accounting procedures to ensure that CMHS grant funds are used within the two-year period of availability.

Department's View and Corrective Action Plan

Mental Health stated that it has implemented its recently revised accounting procedures to ensure that CMHS grant funds are used within the two-year period of availability.

Reference Number:	2008-8-12
Category of Finding:	Period of Availability
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007

Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007

Criteria

TITLE 45—PUBLIC WELFARE, PART 95—GENERAL ADMINISTRATION—GRANT PROGRAMS (PUBLIC ASSISTANCE, MEDICAL ASSISTANCE AND STATE CHILDREN'S HEALTH INSURANCE PROGRAMS), Subpart A—Time Limits for States to File Claims

Section 95.7—Time Limit for Claiming Payment for Expenditures Made After September 30, 1979

Under the programs listed in Section 95.1, we will pay a State for a State agency expenditure made after September 30, 1979, only if the State files a claim with us for that expenditure within 2 years after the calendar quarter in which the State agency made the expenditure. Section 95.19 lists the exceptions to this rule.

Section 95.19—Exceptions to Time Limits

The time limits in Sections 95.7 and 95.10 do not apply to any of the following—

- (a) Any claim for an adjustment to prior year costs, which means an adjustment in the amount of a particular cost item that was previously claimed under an interim rate concept and for which it is later determined that the cost is greater or less than that originally claimed.
- (b) Any claim resulting from an audit exception.
- (c) Any claim resulting from a court-ordered retroactive payment.
- (d) Any claim for which the Secretary decides there was good cause for the State's not filing it within the time limit.

Condition

Social Services' processes for reviewing and authorizing the counties' administrative and assistance claims do not provide reasonable assurance that adjustments included on the claims are for expenditures made within two years after the calendar quarter in which the expenditures were initially paid. Specifically, Social Services does not require the counties to provide documentation to support the adjustments on their claims.

On March 13, 1997, Social Services notified the counties that its newly established policy for claiming adjustments for administrative and assistance expenditures was nine months and 18 months, respectively. For adjustments related to the assistance claims, prior to July 1, 2005, Social Services required the counties to submit a prior-month positive adjustment report, which included the initial date of the expenditures. However, effective July 1, 2005, Social Services informed the counties that their submission of this report was no longer required. Instead Social Services relies on the counties' welfare directors and auditor-controllers to certify that the period of availability has not been exceeded.

In its April 1, 2008, fiscal letter to the counties, Social Services notified them of its established due dates for submitting their adjusted claims. For example, if the original claim was for the quarter ending September 2008, the counties have until July 1, 2009, to submit a revised September 2008 claim that includes any adjustments. Social Services believes this process ensures that it is meeting the two-year limit for claiming payments.

However, because Social Services does not require the counties to submit detailed supporting documentation for their administrative and assistance claims, we are unable to conclude that the counties' adjustments are for expenditures made within the two-year limit for claiming payment.

Questioned Costs

Unknown

Recommendation

Social Services should require counties to submit documentation to demonstrate that the adjustments included on their claims are within the two-year period of availability.

Department's View and Corrective Action Plan

Social Services stated that it does not concur with this finding and plans to take additional steps for clarity, because various county fiscal letters (CFLs) address the cash claiming and adjustment claim process. Specifically, Social Services stated it will take additional steps to ensure counties are informed of the cash claim requirements by incorporating standard language in the quarterly claiming instruction CFLs to instruct and inform counties about the policy and regulations concerning adjustment claims. This would include information regarding the period of availability for federal funds and the requirement to maintain supporting documentation for all adjustments to the claim. Social Services also wanted the reader to refer to its response for the Bureau of State Audits (BSA) finding number 2008-1-13 related to activities allowed and allowable costs.

Auditor's Comments on Department's View

Social Services' corrective action plan does not address the BSA's finding and related recommendation. Informing counties of federal requirements cannot substitute for Social Services' responsibility to periodically evaluate whether the underlying transactions for adjustments are within the period of availability applicable to each federal program included in the counties' administrative and assistance claims. By relying on the counties to certify that their adjustments to prior claims are for activities that took place within the two-year period of availability, Social Services is abrogating its responsibility to ensure that federal requirements for period of availability are satisfied.

Please refer to the BSA's comments on the department's view for finding number 2008-1-13 related to activities allowed and allowable costs.

Reference Number:	2008-9-2
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Number and Year:	2B09SM010005-07; 2007
Category of Finding:	Procurement and Suspension and Debarment
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 180—U.S. OFFICE OF MANAGEMENT AND BUDGET GUIDELINES TO AGENCIES ON GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT), Subpart C—Responsibilities of Participants Regarding Transactions Doing Business With Other Persons, Section 180.330—What Requirements Must I Pass Down to Persons at Lower Tiers With Whom I Intend to Do Business?

Before entering into a covered transaction with a participant at the next lower tier, you must require that participant to—

- (a) Comply with this subpart as a condition of participating in the transaction. You may do so by using any method(s), unless the regulation of the Federal agency responsible for the transaction requires you to use specific methods.
- (b) Pass the requirement to comply with this subpart to each person with whom the participant enters into a covered transaction at the next lower tier.

TITLE 2—GRANTS AND AGREEMENTS, PART 376—NONPROCUREMENT DEBARMENT AND SUSPENSION, Subpart C—Responsibilities of Participants Regarding Transactions, Section 376.332—What Methods Must I Use to Pass Requirements Down to Participants at Lower Tiers With Whom I Intend to Do Business?

To communicate the requirements to lower-tier participants, you must include a term or condition in the lower-tier transaction requiring the lower-tier participant's compliance with 2 CFR Part 180, as supplemented by this subpart.

Condition

In our prior-year audit, we reported that Mental Health did not require counties, as part of their suspension and debarment certifications to the State, to ensure that lower-tier entities with which they entered into covered transactions were not suspended or debarred. Mental Health also did not require counties to pass the requirements down to each person with whom they entered into a covered transaction.

In our follow-up procedures for fiscal year 2007–08, we found that Mental Health had not yet addressed this finding. According to Mental Health staff, a revised suspension and debarment certification relative to county staff and their subcontractors will be included in the fiscal year 2009–10 Planning Estimate and Renewal Application sent to counties in May 2009. Staff also stated Mental Health is working toward developing the revised language and expects to complete it by March 2009. Until it completes these tasks, counties could inadvertently pass federal block grants for Community Mental Health Services funds to persons who are excluded from conducting business with the federal government.

Questioned Costs

Not applicable.

Recommendation

Mental Health should include the requirements to enforce suspension and debarment regulations with the next lower tier in the instructions to the suspension and debarment certification that it requires counties to submit with their applications.

Department’s View and Corrective Action Plan

Mental Health stated it would review its contract terms and conditions, and amend as appropriate.

Reference Number:	2008-9-3
Category of Finding:	Procurement, Suspension and Debarment
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.566
Federal Program Title:	Refugee and Entrant Assistance—State Administered Programs (Refugee Program)
Federal Award Numbers and Years:	08AACA9100; 2008 07AACA9100; 2007

Federal Catalog Number:	93.556
Federal Program Title:	Promoting Safe and Stable Families (PSSF)
Federal Award Numbers and Years:	G-0801CAFPSS; 2008 G-0701CA00FP; 2007 G-0601CA00FP; 2006

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.35—Subawards to Debarred and Suspended Parties

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

TITLE 2—GRANTS AND AGREEMENTS, PART 180—U.S. OFFICE OF MANAGEMENT AND BUDGET GUIDELINES TO AGENCIES ON GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT), Subpart B—Covered Transactions, Section 180.200

A covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part. It may be a transaction at—

- (a) The primary tier, between a Federal agency and a person; or
- (b) A lower tier, between a participant in a covered transaction and another person.

TITLE 2—GRANTS AND AGREEMENTS, PART 180— U.S. OFFICE OF MANAGEMENT AND BUDGET GUIDELINES TO AGENCIES ON GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT), Subpart B—Covered Transactions, Section 180.330

Before entering into a covered transaction with a participant at the next lower tier, you must require that participant to—

- (a) Comply with this subpart as a condition of participation in the transaction. You may do so using any method(s), unless the regulation of the Federal agency responsible for the transaction requires you to use specific methods.
- (b) Pass the requirement to comply with this subpart to each person with whom the participant enters into a covered transaction at the next lower tier.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—ADMINISTRATION FOR CHILDREN AND FAMILIES—ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES TERMS AND CONDITIONS—SUBRECIPIENTS AND VENDORS UNDER GRANTS

"No organization may participate in this project in any capacity or be a recipient of federal funds designated for this project if the organization has been debarred or suspended or otherwise found to be ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension." (See 45 CFR 92.35.) States must include a similar term and/or condition for all sub-awards or contracts awarded under this program. Prior to issuing subawards or contracts under this grant, the state must consult the ineligible parties list to ensure that organizations under funding consideration are not ineligible."

Condition

In our prior-year audit, we reported that Social Services did not comply with either of the suspension and debarment requirements included in the Administration for Children and Families (ACF) grants' terms and conditions when entering into contracts with noncounty subrecipients. During our follow-up procedures for fiscal year 2007–08, we found that Social Services has not corrected this issue.

Our review of contracts with two noncounty subrecipients found that the standard contract Social Services uses to award federal funds from an ACF grant to noncounty subrecipients did not include the correct suspension and debarment terms and/or conditions. For example, the standard contract Social Services used for a noncounty subrecipient to provide services for the Refugee Program stated that “for federally funded agreements in the amount of \$25,000 or more, by signing this agreement, the contractor certifies that to the best of his/her knowledge and belief that he/she and their principals or affiliates are not debarred or suspended from federal financial assistance programs and activities nor proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any federal department or agency.” However, these terms are incorrect because there is no dollar threshold for the suspension and debarment requirement for programs receiving federal funds from an ACF grant. Further, the terms do not include language specific to lower-tier subrecipients. According to its program staff, Social Services was not clear regarding its subrecipients’ responsibility to include suspension and debarment language in their subcontracts and is working on a process to address this matter.

Social Services staff did not consult the federal Excluded Parties List System (EPLS) Web site prior to issuing subawards or contracts to noncounty subrecipients as required by the ACF terms and conditions. According to the chief of the Contracts and Financial Analysis Bureau, although Social Services has developed a contract checklist that requires staff to check the EPLS Web site prior to entering into a federally funded contract with a noncounty subrecipient, this document was not implemented during fiscal year 2007–08.

Until Social Services corrects these issues, it will be unable to ensure its noncounty subrecipients have not been suspended or debarred.

Questioned Costs

Not applicable.

Recommendations

For contracts with noncounty subrecipients that are funded by ACF grants, Social Services should do the following:

- (1) Ensure that the suspension and debarment terms and/or conditions it includes in the contracts comply with ACF terms and conditions.
- (2) Establish a process to ensure that its subrecipients include the appropriate suspension and debarment language in their contracts.
- (3) Continue the use of its contract checklist that prompts staff to consult the EPLS Web site prior to entering into these contracts.

Department’s View and Corrective Action Plan

Social Services stated that it concurs with the finding. Social Services also stated that in fiscal year 2008–09 it added the need to consult the EPLS Web site prior to entering into a contract to its contract checklist for all contracts. Additionally, Social Services stated it has now modified its suspension and debarment certification language to eliminate the monetary threshold and incorporate the appropriate language to address the suspension and debarment clearance requirement for any subcontractor. The revised language is as follows:

Debarment and Suspension

For federally funded agreements, Contractor certifies that to the best of his/her knowledge and belief that he/she and their principals, affiliates or any sub-contractor utilized under this agreement, are not debarred or suspended from federal financial assistance programs and activities nor proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any federal department or agency. The Contractor also certifies that it or any of its sub-contractors are not listed on the Excluded Parties Listing System (<http://www.epls.gov>) (Executive Order 12549, 7 CFR, Part 3017, 45 CFR, Part 76, and 44 CFR, Part 17).

Reference Number:	2008-9-4
Category of Finding:	Procurement, Suspension and Debarment
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.558
Federal Program Title:	Temporary Assistance for Needy Families (TANF)
Federal Award Numbers and Years:	G-0802CATANF; 2008 G-0702CATANF; 2007

Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007

Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007

Federal Catalog Number:	93.566
Federal Program Title:	Refugee and Entrant Assistance—State Administered Programs (Refugee Program)
Federal Award Numbers and Years:	08AACA9100; 2008 07AACA9100; 2007

Federal Catalog Number:	93.556
Federal Program Title:	Promoting Safe and Stable Families (PSSF)

Federal Award Numbers and Years: G-0801CAFPSS; 2008
G-0701CA00FP; 2007
G-0601CA00FP; 2006

Federal Catalog Number: 93.645

Federal Program Title: Child Welfare Services—State Grants (CWS)

Federal Award Numbers and Years: G-0801CA1400; 2008
G-0701CA1400; 2007

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.35—Subawards to Debarred and Suspended Parties

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.”

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—ADMINISTRATION FOR CHILDREN AND FAMILIES TERMS AND CONDITIONS—FISCAL YEARS 2007 and 2008, SUBRECIPIENTS AND VENDORS UNDER GRANTS

“No organization may participate in this project in any capacity or be a recipient of federal funds designated for this project if the organization has been debarred or suspended or otherwise found to be ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.” (See 45 CFR, 92.35.) States must include a similar term and/or condition for all sub-awards or contracts awarded under this program. Prior to issuing subawards or contracts under this grant, the state must consult the ineligible parties list to ensure that organizations under funding consideration are not ineligible.”

Condition

Social Services did not comply with either of the suspension and debarment requirements included in the Administration for Children and Families (ACF) grants’ terms and conditions. Specifically, Social Services did not adequately notify the counties of the suspension and debarment terms articulated in the terms and conditions. The counties received notification of these requirements from Social Services for the Refugee Program only during fiscal year 2007–08. Although Social Services has periodic, ongoing correspondence with counties through the use of fiscal letters that it uses to notify them of any issues related to administrative costs and other services, these letters were not used to notify counties receiving funds for the remaining five programs of the suspension and debarment requirements.

Additionally, Social Services does not send any notification to the counties regarding their subawards for the administrative expenses and the assistance payments they make to program beneficiaries. Instead, Social Services makes monthly cash advances to the counties and then requires the counties to submit administrative claims quarterly and assistance claims monthly. Although Social Services does not enter into a contract or similar agreement with the counties, it is clear that the State is granting subawards to the counties and is required to notify them of the suspension and debarment requirements.

Furthermore, Social Services had not consulted the federal Excluded Parties List System (EPLS) for any of the six programs identified prior to disbursing funds to the counties. According to the chief of its Contract and Financial Analysis Bureau, Social Services did not consult the EPLS Web site prior to disbursing federal funds to counties because the counties self-certify on their county administrative claims that they are not on the EPLS. However, the counties' certification occurs after the funds have been disbursed and cannot be a substitute for the ACF terms and conditions.

Until Social Services addresses these weaknesses in its internal controls, it risks losing federal funds for noncompliance with this requirement.

Questioned Costs

Not applicable.

Recommendations

Social Services should amend its process for making subawards to the counties to include using either its annual fiscal letters or providing additional information with its single funding page crosswalk to notify counties of the suspension and debarment terms and conditions as required by the ACF. Finally, prior to issuing subawards to counties, Social Services should establish procedures to ensure that it consults the EPLS, as required by the ACF terms and conditions.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. Social Services will issue an annual county fiscal letter (CFL) that provides counties with the policies and regulations as required by the ACF for the suspension and debarment requirements. This CFL will include information regarding the EPLS. Social Services will also develop a methodology to routinely check all California counties against the EPLS.

Reference Number:	2008-12-2
Category of Finding:	Reporting
State Administering Department:	Department of Aging (Aging)
Federal Catalog Number:	93.044
Federal Program Title:	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers
Federal Award Numbers and Years:	08AACAT3SP; 2008 07AACAT3SP; 2007 06AACAT3SP; 2006

Federal Catalog Number:	93.045
Federal Program Title:	Special Programs for the Aging—Title III, Part C—Nutrition Services
Federal Award Numbers and Years:	08AACAT3SP; 2008 07AACAT3SP; 2007 06AACAT3SP; 2006

Federal Catalog Number:	93.053
Federal Program Title:	Nutrition Services Incentive Program
Federal Award Numbers and Years:	08AACANSIP; 2008 07AACANSIP; 2007 06AACANSIP; 2006

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (b) A state must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.41(a)(3)—Financial Reporting

- (a) General. (1) Except as provided in paragraphs (a) (2) and (5) of this section, grantees will use only the forms specified in paragraphs (a) through (e) of this section, and such supplementary or other forms as may from time to time be authorized by OMB, for:
 - (i) Submitting financial reports to Federal agencies, or
 - (ii) Requesting advances or reimbursements when letters of credit are not used.
- (b) Financial Status Report—(1) Form. Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with Section 92.41(e)(2)(iii).
- (c) Federal Cash Transactions Report—(1) Form. (i) For grants paid by letter or credit, Treasury check advances or electronic transfer of funds, the grantee will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272a, unless the terms of the award exempt the grantee from this requirement.

Condition

Aging lacked adequate policies and procedures to provide reasonable assurance that the Financial Status Report and Administration on Aging Supplemental Form (SF-269) and the Federal Cash Transaction Report (PSC-272) it submitted to the federal government include all activities, are supported by accounting records, and are fairly presented. Specifically, during fiscal year 2007–08, Aging did not have an official written policy that established responsibility for reporting, provided the procedures for periodic monitoring of due dates, and verified the report content. For example, the instructions Aging provided for the SF-269 report focused primarily on how staff should query the data. Thus, Aging was unable to prevent errors in its reports. Specifically, Aging submitted several reports that were not adequately supported by the accounting records used by its accounting specialist to prepare the reports.

Our review of the SF-269 reports as of March 31, 2008, for each of the three programs listed found that the amounts reported by Aging are inaccurate and do not trace to accounting records. Specifically, Aging failed to identify several errors in the underlying documentation used by the accounting specialist to prepare the reports. For example, Aging reported the federal share of net outlays for federal fiscal year 2008 Title III, Part C-1, as \$16 million. However, according to its accounting records, this amount should have been roughly \$4.1 million—representing a reporting error of almost \$12 million. Further, Aging’s SF-269 report for the 2007 grant is incorrect because the accounting specialist unintentionally submitted the amounts that had already been reported for the previous reporting period. Finally, Aging submitted each of the three SF-269 reports several months beyond the required due date.

Additionally, in reviewing two of the four PSC-272 reports that Aging submitted to the U.S. Department of Health and Human Services during fiscal year 2007–08, we noted several errors in the disbursement amounts for the Title III, Part B and Part C programs. For example, in the PSC-272 report for the federal fiscal quarter ending March 2008, Aging reported disbursements for the Title III, Part B program of roughly \$14.5 million; however, the underlying documentation reflected a total disbursement amount of about \$15 million—representing a reporting error of more than \$500,000. Similarly, in the SF-269 report for the federal fiscal quarter ending June 2008, Aging reported an amount of about \$20.9 million in disbursements for the Title III, Part B program; however, the underlying documentation reflected roughly \$21.9 million—a difference of nearly \$1 million. Moreover, Aging reported about \$13 million and \$12.5 million in disbursements for the Title III, Part C-1 and Part C-2 programs, respectively; however, these amounts also did not trace to the underlying documentation and were understated by roughly \$100,000 and \$20,000, respectively. Finally, although the underlying documentation for the SF-269 report for the federal fiscal quarter ending March 2008 included cash on hand of roughly \$68,000, Aging did not report this amount.

In November 2008 Aging developed procedures for the reports that establish supervisory review and specify the respective due dates. If followed, these procedures should allow for the prevention and/or early detection of any errors in future reports it submits to the federal government. Additionally, Aging stated that it has experienced significant staff turnover and is in the process of training new staff on its recently developed procedures. Until Aging fully implements its new procedures and trains its staff, it will continue to run the risk of noncompliance with the federal reporting requirements.

Questioned Costs

Not applicable.

Recommendations

Aging should establish policies and procedures to ensure that its SF-269 and PSC-272 reports include all activities, are supported by accounting records, and are fairly presented. These policies and procedures should provide for management review and approval, as well as a system to track due dates of the reports.

Aging should review, revise, and resubmit the SF-269 and PSC-272 reports it submitted to the U.S. Department of Health and Human Services during fiscal year 2008 to ensure it submits accurate and complete information.

Department’s View and Corrective Action Plan

Aging appreciates the Bureau of State Audits’ recommendations and is establishing policies and procedures that will include the verification of content and accounting record support, management review and approval, and a system to track due dates for the SF-269 and PSC-272 reports. Aging will be working with the U.S. Health and Human Services’ Administration on Aging (AoA) in developing these procedures to ensure that its methodology is consistent with AoA’s process and expectations.

Aging has notified AoA that it is in the process of reviewing, correcting and resubmitting any reports from 2008 that are inaccurate. Aging is also documenting best practices and procedures in order to consistently and accurately complete these forms regardless of staff turnover.

Reference Number:	2008-12-13
Federal Catalog Number:	93.568
Federal Program Title:	Low-Income Home Energy Assistance (LIHEAP)
Federal Award Numbers and Years:	G-07B1CALIEA; 2007 G-0601CALIE2; 2006 G-06B1CALIEA; 2006 G-05B1CALIEA; 2005 G-04B1CALIEA; 2004
Category of Finding:	Reporting
State Administering Department:	Department of Community Services and Development (CSD)

Criteria

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (b) Financial summary of obligation and expenditure of block grant funds—
 - (2) Block grants containing time limits only on obligation of funds. After the close of each statutory period for the obligation of block grant funds, each grantee shall report to the department:
 - (i) Total funds obligated by the grantee during the applicable statutory period; and
 - (ii) The date of the last obligation.
 - (4) Submission of information. Grantees shall submit the information required by paragraph (b)(1), (2), and (3) of this section on OMB standard form 269A, Financial Status Report (short form). Grantees are to provide the requested information within 90 days of the close of the applicable statutory grant periods.

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart H—Low Income Home Energy Assistance Program, Section 96.81—Carryover and Reallotment

- (b) Required carryover and reallotment report. Each grantee must submit a report to the Department by August 1 of each year, containing the information in paragraphs (b)(1) through (b)(4) of this section. The Department shall make no payment to a grantee for a fiscal year unless the grantee has complied with this paragraph with respect to the prior fiscal year.
 - (1) The amount of funds that the grantee requests to hold available for obligation in the next (following) fiscal year, not to exceed 10 percent of the funds payable to the grantee;
 - (2) A statement of the reasons that this amount is to remain available will not be used in the fiscal year for which it was allotted;
 - (3) A description of the types of assistance to be provided with the amount held available; and
 - (4) The amount of funds, if any, to be subject to reallotment.

Financial Status Report (Short Form)—SF-269A, Instructions

- 10a Total Outlays. Enter total program outlays less any rebates, refunds, or other credits. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for goods and other property received for services performed by employees, contractors, subgrantees and other payees; and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.

Condition

CSD lacks adequate internal controls to ensure that proper federal reporting requirements are met. Although it follows general guidance outlined in the *Federal Grant Management Handbook* and California's *State Administrative Manual* in preparing reports, CSD did not have formal policies and procedures in place when completing the Financial Status Report (FSR) or the Carryover and Reallotment Report during fiscal year 2007–08. Further, CSD lacks written procedures for its process to reconcile information it uses to prepare the FSRs. CSD uses an internally developed spreadsheet to track federal drawdowns for LIHEAP and reports these drawdowns as the federal share of program outlays on the FSR as opposed to the actual cash disbursements. Although CSD reconciles total drawdowns per the spreadsheet to cash disbursements per its accounting records quarterly, it does not have written procedures that describe how the reconciliation should occur. Without written policies and procedures that establish responsibility and provide guidance to staff on how to prepare, review, and approve the reconciliation and the FSRs, the risk of reporting errors increases.

On January 22, 2009, CSD completed desk procedures for completing FSRs. However, it has yet to complete desk procedures for reconciling the drawdowns to disbursements or for the Carryover and Reallotment Report.

Further, CSD's Carryover and Reallotment Report did not include all required information. Specifically, our review of its Carryover and Reallotment Report dated July 3, 2007, found that CSD did not include the applicable description of the types of assistance to be provided with the funds to be carried over or evidence that the report had been reviewed and approved prior to CSD submitting it to the U.S. Department of Health and Human Services. CSD staff stated that this oversight was corrected for the 2008 report. We reported on a similar finding in our prior year's report.

Questioned Costs

Not applicable.

Recommendations

CSD should develop and implement written policies and procedures to ensure that its reconciliations of drawdowns to disbursements are appropriate. CSD should also develop and implement written procedures to ensure that its annual Carryover and Reallotment reports are accurate and complete. For example, CSD should ensure that it includes a description of the types of assistance to be provided with the amount held available on subsequent annual Carryover and Reallotment reports and retain evidence of its supervisory review and approval process.

Department's View and Corrective Action Plan

CSD agrees that written policies and procedures promote adherence and accuracy to federal reporting requirements. However, a recent vacancy in the Accounting Unit has proved to be a hardship to staff, and the main objective is to continue uninterrupted daily work processes. Although CSD is making every effort to fill the vacant position, qualified candidates for accounting classifications are severely limited at this time. Since CSD has a small Accounting Unit, a redirection of staff to complete the desk procedures is not feasible and would put all other accounting activities and functions at risk. Therefore, this project remains ongoing and has been put on hold until the position is filled.

Accounting employees at this time must defer to the state regulations for administrative and financial functions that are contained in the State Administrative Manual (SAM). Accounting staff continuously utilize SAM to provide general guidelines for their current processes.

In addition, to ensure proper federal reporting requirements are followed, CSD Accounting staff have access to the various resources available within the office, including the Federal Grants Management Handbook. The Accounting staff also has access to the U. S. Department of Health and Human Services (Administration for Children and Families) and other federal Web sites to obtain guidance on federal drawdown requirements and to learn of any updates, changes or new requirements.

Senior Accounting staff are crosstrained in the above procedure so that should a vacancy occur it can be safely assumed that there still remains trained staff.

Accounting staff duty statements clearly establish functional responsibilities for the Unit. CSD believes that these resources and internal documents comply with the auditor's guidelines contained in the A-133 Compliance Supplement that states "Control Activities are the policies and procedures that help ensure that management's directives are carried out." Additionally the Control Objectives, as stated, are "to provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements."

Auditor's Comments on Department's View

The Bureau of State Audits stands by its finding and related recommendations. Further, in the last two paragraphs of its response, CSD implies that its practices comply with requirements found in the A-133 Compliance Supplement. However, CSD fails to mention that the first characteristic that the OMB cites under its description of control activities is, "Operating policies and procedures **clearly written** [emphasis added] and communicated."

Reference Number:	2008-12-15
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Number and Year:	06B1CACMHS-01; 2006
Category of Finding:	Reporting
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 45—PUBLIC WELFARE, PART 96—BLOCK GRANTS, Subpart C—Financial Management, Section 96.30—Fiscal and Administrative Requirements

- (b) Financial summary of obligation and expenditure of block grant funds—
- (1) Block grants containing time limits on both the obligation and the expenditure of funds. After the close of each statutory period for the obligation of block grant funds and after the close of each statutory period for the expenditure of block grant funds, each grantee shall report to the Department:
 - (i) Total funds obligated and total funds expended by the grantee during the applicable statutory periods; and
 - (ii) The date of the last obligation and the date of the last expenditure.
 - (4) Submission of information. Grantees shall submit the information required by paragraph (b)(1), (2), and (3) of this section on OMB Standard Form 269A, Financial Status Report (short form). Grantees are to provide the requested information within 90 days of the close of the applicable statutory grant periods.

Condition

In our prior-year audit, we reported that Mental Health did not have processes and procedures in place to ensure that the annual Standard Form (SF269A), Financial Status Report, is accurate and submitted on a timely basis. Specifically, we found that the same accounting specialist who prepared the SF-269A report for the federal fiscal year 2005 block grants for Community Mental Health Services (CMHS) was also responsible for keeping track of when the report was due and completing, signing, and submitting the report. However, Mental Health did not ensure that the report was reviewed and approved by someone other than the preparer. Further, although the report was due December 29, 2006, Mental Health did not submit it until March 15, 2007.

During our follow-up work for fiscal year 2007–08, we found that Mental Health partially corrected this finding. Specifically, it submitted the SF-269A for the federal fiscal year 2006 CMHS grant before the submission deadline and the staff member who approved the report was different than the staff member who prepared the report. We also found that Mental Health's accounting procedures specified when the SF-269A was due and established methods to ensure the report's accuracy. However, Mental Health's accounting procedures did not specifically identify the segregation of duties related to the preparation and approval of the report.

After we brought this to Mental Health's attention, it revised its procedures in February 2009 to require both the preparer and the accounting administrator to sign the report.

Questioned Costs

Not applicable.

Recommendation

Mental Health should implement its procedures to ensure that the individual who approves the SF-269A is not the same individual who prepares it.

Department's View and Corrective Action Plan

Mental Health stated it has implemented procedures to ensure segregation of duties for approval and preparation of the SF-269A.

Reference Number:	2008-12-16
Federal Catalog Number:	93.566
Federal Program Title:	Refugee and Entrant Assistance—State Administered Programs (Refugee Program)
Federal Award Numbers and Year:	G-07AACA9100; 2007 G-07AACA9110; 2007
Category of Finding:	Reporting
State Administering Department:	Department of Social Services (Social Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 400—REFUGEE RESETTLEMENT PROGRAM, Subpart C—General Administration, Section 400.28—Maintenance of Records and Reports

- (b) A State must submit statistical or programmatic information that the Director determines to be required to fulfill his or her responsibility under the Act on refugees who receive assistance and services which are provided, or the costs of which are reimbursed, under the Act.

ORR-6, Performance Report Instructions, (OMB No. 0970-0036.) states; “The Office of Refugee Resettlement (ORR) uses data gathered from the ORR-6 Performance Report to determine the number of months of Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) use based on appropriations. State-by-state RCA and RMA utilization rates derived from the ORR-6 are calculated for use in formulating program initiatives, priorities, standards, budget requests, and assistance policies. The revised ORR-6 Performance Report is intended to provide participation and performance data and **no longer requests program expenditures for the reporting period**. Also, medical screening data are used in the annual report to Congress to document the number of newly arrived refugees and other eligible populations accessing medical screening during the year.”

Condition

In our prior-year audit, we reported that Social Services submitted its second quarter federal fiscal year 2007 ORR-6 report to the federal ORR despite the report containing several errors. Specifically, in a summary chart that reported the number of recipients of refugee cash assistance, we found four instances where the number of families and individuals was more than the total number of persons.

During our follow-up procedures for fiscal year 2007–08, we found that Social Services made similar errors. Specifically, in its federal fiscal year 2007–08 second trimester ORR-6 report, the beginning balances for the number of persons and/or cases for 26 of 58 counties did not agree with the ending balances Social Services reported on its federal fiscal year 2007–08 first trimester ORR-6 report. For example, in its second trimester report, Social Services reported the total number of persons at the end of the previous trimester as 1,486. However, in its first trimester report, Social Services reported 1,879 as the total number of persons at the end of the trimester.

Additionally, Social Services was missing data for five of 58 counties included in its second trimester ORR-6 report. According to staff in its Refugee Programs Bureau (RPB), discrepancies in the second trimester ORR-6 report occurred because counties are incorrectly reporting their data. Further,

staff stated that the county data was missing because the five counties did not submit their data to Social Services in sufficient time to allow it to meet the ORR reporting deadline. Nevertheless, Social Services' submission of incorrect data in its ORR-6 reports affect the ORR's ability to calculate accurately the rates it uses to formulate program initiatives, priorities, standards, budget requests, and assistance policies.

Staff in its RPB stated that Social Services will provide instruction to RPB staff on the ORR's new reporting requirements as well as provide guidance and training to the counties.

Questioned Costs

Not applicable.

Recommendations

Social Services should implement its plans to provide more guidance and training to RPB staff and the counties regarding the ORR's reporting requirements. Social Services should also ensure that the reports it submits to the ORR are accurate and complete.

Department's View and Corrective Action Plan

Social Services concurs with the finding and stated that its RPB has completed the following to improve the accuracy of the data submitted in the federal Quarterly Performance Report (ORR-6):

- Reviewed federal ORR-6 reporting instructions with RPB staff and provided guidance on reviewing the report contents on January 5, 2009.
- Reviewed federal ORR-6 reporting instructions with county refugee coordinators (CRCs) at the Quarterly CRC meeting on January 29, 2009.
- Reviewed federal ORR-6 reporting instructions with staff from Northern California counties as part of the RPB-hosted Refugee Resettlement Program (RRP) training on January 30, 2009. RPB also has planned RRP training for other counties in the State, which will be conducted in March 2009 and April 2009 (specifics of those training sessions are being finalized).
- Issued federal ORR-6 reporting instructions to all counties with the trimester report due date reminder on January 27, 2009.

In addition to the above, the RPB will do the following:

- Reissue federal ORR-6 reporting instructions to all counties, via an all-county letter by April 1, 2009.
- Correct errors identified in the federal ORR-6s for federal fiscal year 2007–08 and submit amended reports to the federal Office of Refugee Resettlement by May 1, 2009.
- Internally check reports before submission to ORR to identify and explain missing county reports or discrepancies with prior reports.

Reference Number:	2008-13-2
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Aging (Aging)

Federal Catalog Number: 93.044
 Federal Program Title: Special Programs for the Aging—Title III,
 Part B—Grants for Supportive Services and
 Senior Centers
 Federal Award Numbers and Years: 08AACAT3SP; 2008
 07AACAT3SP; 2007

Federal Catalog Number: 93.045
 Federal Program Title: Special Programs for the Aging—Title III,
 Part C—Nutrition Services
 Federal Award Numbers and Years: 08AACAT3SP; 2008
 07AACAT3SP; 2007

Federal Catalog Number: 93.053
 Federal Program Title: Nutrition Services Incentive Program
 Federal Award Numbers and Years: 08AACANSIP; 2008
 07AACANSIP; 2007

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.21—Payment

- (c) Advances. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.40—Monitoring and Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operating conditions of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Condition

Award Identification

Aging lacks internal controls to ensure it identifies the federal agency name to its subgrantees at the time of the award. Specifically, Aging's contract review and approval process does not ensure that its staff include specific references to the name of the federal agency—the U.S. Department of Health and Human Services—on the standard agreements it sends annually to each of its subgrantees.

During-the-Award Monitoring

Although Aging has a process in place for monitoring subgrantees' use of funds, which includes site visits by its fiscal and contracts team (team), it lacks adequate procedures that require staff to document the specific procedures they performed or the documents they reviewed to support their conclusions. While on-site, the team uses Aging's fiscal review tool that is designed to guide their assessment of subgrantees' compliance with various federal requirements outlined in U.S. Office of Management and Budget (OMB) Circular A-102, *Grants and Cooperative Agreements with States and Local Governments*, which is codified at Title 45, Code of Federal Regulations, Part 92, including those pertaining to allowable costs, cash management, and program income. However, in reviewing the files related to three of the eight site visits conducted by the team during fiscal year 2007–08, we were unable to identify the procedures performed or arrive at the same conclusions as Aging's staff due to the lack of sufficient documentation. For example, we could not determine whether the team had verified subgrantees' compliance with established cash management procedures to minimize the time elapsing between drawdown and disbursement of program funds. Additionally, we could not conclude whether Aging verified that subgrantees used program income, rebates, refunds, and other income and receipts before requesting additional federal funds.

Furthermore, the lack of adequate procedures results in inconsistencies. For instance, two of the three files we reviewed contained adequate supporting documentation for the requirement related to allowable costs; however, the third file only contained the fiscal review tool and did not include any supporting documentation related to this requirement. Thus, we could not identify the procedures performed or records reviewed by Aging's team to conclude the subgrantee complied with this requirement. According to the team coach, Aging requires only the completion of the fiscal review tool and does not require staff to retain further supporting documentation to demonstrate their conclusions are drawn from adequate sources. She also stated that she has confidence in the professional judgment of the team and is present during the on-site review. However, we noted that for its program reviews, Aging does require its staff to retain copies of all documents they obtain from the subgrantee as part of its official records. Aging should also extend this requirement to its fiscal reviews because without adequate documentation to support conclusions reached during these reviews, Aging cannot demonstrate that it effectively monitors its subgrantees and ensures that they are using program funds in accordance with applicable federal requirements.

Questioned Costs

Not applicable.

Recommendations

Aging should identify the federal agency in its annual standard agreements that it enters into with each of its subgrantees. Furthermore, it should revise its subgrantee monitoring procedures to require its fiscal and contracts review team to identify the specific procedures they perform and to retain copies of all documents they obtain from the subgrantee as part of its official records.

Department’s View and Corrective Action Plan

Award Notification:

Aging stated that it has added the federal agency name to its subgrantee contracts for fiscal 2009–10. In addition, Aging stated that it complies with OMB Circular A-133, Subpart B, requiring identification of federal awards made, Catalog of Federal Domestic Assistance title and number, award name and number, award year, and name of federal agency by providing its subgrantees, area agencies on aging (AAAs) with a copy of its *Single Audit Guide*. The guide provides the required information, including the name of the federal agency, and also informs the AAAs of their own obligation to meet the requirement with their subrecipients.

During-the-Award-Monitoring:

Aging stated that its fiscal and contracts team will develop written procedures documenting the fiscal monitoring process. The procedures will include a requirement to identify specific procedures performed during on-site fiscal monitoring and to retain copies of all documents obtained from the subgrantee as part of the official monitoring file.

Auditor’s Comments on Department’s View

Aging’s statement that it complies with OMB Circular A-133, Subpart B, which requires the identification of federal awards made by informing each subgrantee of the name of the federal agency is questionable. Specifically, although its deputy director stated that Aging informs each of its subgrantees of the name of the federal agency in its *Single Audit Guide*, she was unable to provide us with a written policy requiring its auditors to provide the guide to the subgrantees. Thus, it is unclear if the subgrantees actually received the guide.

Reference Number:	2008-13-19
Federal Catalog Number:	93.568
Federal Program Title:	Low-Income Home Energy Assistance (LIHEAP)
Federal Award Numbers and Years:	G-08B1CALIEA; 2008 G-07B1CALIEA; 2007 G-06B1CALIEA; 2006 G-0601CALIE2; 2006 G-05B1CALIEA; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Community Services and Development (CSD)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400— Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the federal awards it makes:

- (1) Identify federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the federal award.
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Condition

Award Identification

CSD's contract review and approval process lacks internal controls to ensure the federal awarding agency and all laws and regulations are identified at the time of the award. Our review of eight of the 143 LIHEAP subgrantee contracts with active contract terms during fiscal year 2007–08 found that three contracts issued in 2006 and 2007 did not contain the appropriate award identification information. We reported a similar finding in our report last year, and CSD responded by revising its 2008 subgrantee contracts to comply with requirements. By not providing complete award information, CSD cannot be sure that its subgrantees are aware of all the program's requirements.

OMB Circular A-133 Audits

CSD's audit services unit (ASU) lacks sufficient internal controls to ensure that it receives and follows up on all subgrantee audits timely. Specifically, according to CSD's staff management auditor, through late 2008, ASU used an Access database to track the receipt of subgrantees' OMB Circular A-133 audits and its desk reviews and follow-up letters related to those audits. However, he also stated that beginning in approximately January 2008, staff responsible for entering audit information into this database were transferred out of the ASU, and the database was not maintained properly.

Consequently, because of the inaccurate audit report tracking information in the database and lack of procedures to identify missing or late audit reports, some subgrantees did not receive timely desk reviews. During our review of five of the OMB Circular A-133 reports for the roughly 45 subgrantees, we found that ASU auditors did not receive and perform desk reviews of the 2006 and 2007 OMB Circular A-133 audit reports for one of the subgrantees until mid-January 2009. Although the subgrantee's audit report did not contain any audit findings related to LIHEAP, delays such as this one could hinder CSD's ability to issue management decisions on OMB Circular A-133 audit reports that do contain audit findings.

According to CSD's staff management auditor, the new ASU manager requested that CSD's information technology (IT) unit develop a more complete and customized application to track the ASU's audit reviews. However, CSD's IT unit is working on other projects so in the interim ASU is using Outlook reminders and tracking spreadsheets to ensure that staff review and follow up all OMB Circular A-133 audits.

Questioned Costs

Not applicable.

Recommendations

CSD should continue to ensure that its agreements with its subgrantees include all required award identification information. Additionally, CSD's ASU should continue its efforts to ensure that all subgrantee OMB Circular A-133 audits are received and reviewed within the time frames established by OMB Circular A-133.

Department’s View and Corrective Action Plan

CSD concurs with this finding. As discussed in the condition, CSD has already implemented a manual tracking process to identify missing or late independent auditor reports. These procedures were provided to the Bureau of State Audits (BSA) during its fieldwork.

Auditor’s Comments on Department’s View

The final sentence of CSD’s view and corrective action plan implies that the BSA did not sufficiently take into consideration the procedures it provided. The BSA would like to clarify that its concern relates to CSD’s *implementation* of its procedures, not the procedures themselves.

Reference Number:	2008-13-20
Federal Catalog Number:	93.563
Federal Program Title:	Child Support Enforcement (CSE)
Federal Award Numbers and Years:	0804CA4004; 2008 0704CA4004; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Child Support Services (Child Support Services)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400— Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
 - (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.

TITLE 45—Public Welfare, CHAPTER III—OFFICE OF CHILD SUPPORT ENFORCEMENT (CHILD SUPPORT ENFORCEMENT PROGRAM), ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, PART 302—State Plan Requirements, Section 302.10—Statewide Operations

- (c)(2) Regular planned examination and evaluation of operations in local offices by regularly assigned State staff, including regular visits by such staff; and through reports, controls, or other necessary methods.

Condition

Child Support Services did not completely fulfill its subrecipient monitoring responsibilities for the CSE program. In the prior year, we reported that Child Support Services did not provide the Catalog of Federal Domestic Assistance (CFDA) title and number, the award number, and the name of the federal agency in the agreement that it executes with each local child support agency (LCSA). The U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* states that pass-through entities are responsible for identifying this information to the subrecipient at the time of the award. In its corrective action plan, Child Support Services stated that it had included the required award identification information in the current agreement for subsequent approval by each LCSA. However, when we reviewed the agreement effective June 2008, we determined that it did not include this information. In September 2008, Child Support Services sent each subrecipient an e-mail notifying them of the CFDA title and number, as well as the awarding agency. Child Support Services stated that it believes it has fulfilled the requirement by sending the September notice. However, this was more than three months after the effective date of the agreement, and the notification did not explain that this information was supplemental to the earlier agreement. Further, the e-mail did not include the award number. If subrecipients are not notified of the federal award information at the time of the agreement, they may not be aware of award requirements as they are expending funds.

In the prior year, we also reported that Child Support Services did not effectively monitor the LCSAs' use of federal funds through site visits, limited scope audits, or other means. Specifically, we determined that its use of limited scope audits conducted by the Department of Finance provided insufficient assurance of LCSAs' compliance with federal requirements. Child Support Services contracted with the Department of Finance in August 2004 to conduct audits that evaluate the LCSAs' compliance with U.S. Office of Management and Budget Circulars A-133 and A-87, state codes and regulations applicable to the Administrative Expense Claim Schedule and Certification, and related internal controls.

During state fiscal year 2007–08, the Department of Finance completed audits of only three of the 52 LCSAs. Including these three audits, we found that only 16 of 52 LCSAs have been audited since 2004. Child Support Services stated that funding for these audits has not increased, and as a result only a limited number of audits can be completed. Further, of the 14 findings issued for the audits completed during fiscal year 2007–08, only two findings had been fully corrected by January 2009. Also, Child Support Services did not request follow-up documentation for four of the findings, which included several significant issues. These audits are central to Child Support Services' oversight of the LCSAs' compliance with federal requirements, and according to Child Support Services, are the key control for allowability of costs at the LCSA level. The contract between Child Support Services and the Department of Finance limits audit costs to \$400,000 per year. However, audits completed during fiscal year 2007–08 yielded findings that resulted in Child Support Services requesting \$676,106 in repayment from LCSAs (as of January 2009, \$359,104 has been repaid). Without these audits, Child Support Services' current procedures do not provide reasonable assurance that the LCSAs meet federal requirements, such as spending federal funds only on allowable activities and costs. Also, without sufficient follow-up on audit findings in a timely manner, Child Support Services has no assurance that the findings have been resolved, and LCSAs may continue to be out of compliance with state and federal regulations.

In addition, we found in the prior year that Child Support Services did not issue management decisions related to subrecipients' OMB Circular A-133 audit findings within the required six-month time frame. OMB Circular A-133 requires a management decision to be issued for subrecipient A-133 audit findings within six months of receipt of the report from the subrecipient. The State has established a process whereby local governments submit copies of their OMB Circular A-133 reports to the State Controller's Office (SCO). The SCO is responsible for certifying that the report conforms to

auditing standards. Upon certification, it sends copies of OMB Circular A-133 audit reports to state agencies. In response to this finding in fiscal year 2007–08, Child Support Services stated that it would use the SCO's report date and ensure that management decisions on findings are issued within the required period. However, although Child Support Services no longer calculated the six-month period from the date it received the reports, it changed its process to calculate from the date that the SCO certifies the reports rather than when the SCO received the reports. Despite the fact that the State of California has assigned aspects of the OMB Circular A-133 review process to different agencies, to ensure audit findings are dealt with promptly, this six-month period should be calculated from the date the SCO receives a final OMB Circular A-133 report from the local government.

By December 2008, Child Support Services had received copies of only 16 of the 58 county OMB Circular A-133 audit reports due March 30, 2008. On average, these reports were certified five months after the SCO received them. Five of the 16 audits included findings requiring Child Support Services to issue a management decision. However, Child Support Services received four of these five audits more than six months after the State initially received it, and the fifth was received four days before the six-month deadline. As of December 2008, the five reports had been in Child Support Services' possession for an average of nearly three months, and it had not yet issued any management decisions. Further, as of December 2008, Child Support Services' records indicated that it had not received several audits that had been certified according to the SCO's records. As a result, Child Support Services has not issued management decisions within the required time frame.

Questioned Costs

Not applicable.

Recommendations

Child Support Services should ensure that it provides all required federal award information to subrecipients at the beginning of their agreements.

Further, Child Support Services should increase during-the-award monitoring conducted of LCSAs. If Child Support Services believes that it is cost-beneficial to do so, it should consider increasing the number of audits performed by the Department of Finance each year. If it does not believe these reviews to be cost-beneficial, it should explore other alternatives for reviews of LCSAs.

Finally, Child Support Services should work with the SCO to ensure that it receives county OMB Circular A-133 audits promptly, allowing it sufficient time to issue management decisions regarding audit findings. These decisions should be issued within six months of the date the State receives the report from the subrecipient.

Department's View and Corrective Action Plan

Child Support Services will provide all the required information to the LCSAs at the beginning of their agreements.

Child Support Services has improved its process to resolve findings of the LCSAs and plans to use a new approach to increase its monitoring of the LCSAs, which may be in conjunction with the Department of Finance audits.

Child Support Services will communicate with the SCO to work towards a more timely response in issuing management decisions.

Reference Number:	2008-13-22
Federal Catalog Number:	93.959
Federal Program Title:	Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Numbers and Years:	08B1CASAPT; 2008 07B1CASAPT; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Alcohol and Drug Programs (ADP)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

STATE ADMINISTRATIVE MANUAL, Section 20070—Federal Pass-Through Funds

The Federal Single Audit Act of 1984 as amended by the Single Audit Act Amendment of 1996 and amendments in conjunction with the OMB Circular A-133, defines a pass-through entity as a non-federal entity that provides a federal award to a subrecipient to carry out a federal program. The OMB Circular A-133, Subpart D, describes the responsibilities of federal agencies and pass-through entities. Specifically, Section .400(d) prescribes the responsibilities of a pass-through entity for the federal awards it makes.

To ensure that the State of California carries out its responsibilities in accordance with this federal act, the following procedures shall apply:

2. The SCO will coordinate single audit compliance with local governments.
 - g. Each state entity will monitor the federal funds it disburses to local governments to ensure compliance with federal laws and regulations. State entities will receive local government audit reports performed in accordance with the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156 from the SCO when the audit report includes a schedule of findings and questioned costs with respect to federal funds that were passed through state entities. In addition, the SCO will distribute the single audit reports to state entities when the prior fiscal year's single audit report included audit findings related to federal funds. The state entity will review these reports and evaluate the corrective action plans submitted in response to findings of noncompliance.

- h. All contracts or agreements issued by state entities concerning disbursement of federal funds to local governments will include the requirement for an audit in accordance with P.L. 104-156 and amendments.
- i. The SCO will inform units of local government to submit copies of audit reports and corrective action plans, when warranted, prepared in accordance with P.L. 104-156 and amendments directly to the SCO.
- j. The SCO will distribute copies of each audit report and corrective action plan to state entities affected by audit findings.
- k. State entities will follow up on audit findings pertaining to federal programs, which they administer, and the SCO will follow up on general findings such as those relating to internal control.
- l. The SCO will review and monitor the audit reports issued by external independent auditors. The SCO will determine whether or not the audit reports conform to *Government Auditing Standards*.

Condition

ADP did not follow its procedures for initiating written and verbal contact with those counties that had delinquent OMB Circular A-133 audits. The State Controller's Office (SCO) notifies state agencies of those local governments that are required to submit an OMB Circular A-133 audit but have not done so. The manager of ADP's Audit Services Branch stated that the staff member who was responsible for OMB Circular A-133 audit follow-up was no longer performing this function as of October 2006. Although the position was filled in October 2007, ADP did not initiate written or verbal contact with the two counties that had delinquent OMB Circular A-133 audits.

Additionally, ADP does not have any written policies or procedures in place regarding the OMB Circular A-133 requirement to issue management decisions. Further, ADP did not issue management decisions for the audit findings contained in the OMB Circular A-133 audits for two other counties. The staff in charge of this task stated that since a large number of reports have had to be resubmitted to the SCO, ADP elected to wait for the remaining reports to be submitted before issuing audit resolution letters for those counties with audit findings. However, the delays resulting from either the SCO or ADP prevent the State from complying with the OMB Circular A-133 six-month time period for issuing management decisions.

Questioned Costs

Not applicable.

Recommendations

ADP should ensure that staff follow up with counties that have not submitted their OMB Circular A-133 audits. ADP should also work closely with the SCO to ensure that it promptly receives those county OMB Circular A-133 audit reports that have audit findings. Finally, ADP should ensure that it issues management decisions on audit findings within six months after the SCO receives the counties' OMB Circular A-133 audit reports.

Department's View and Corrective Action Plan

ADP stated that the SCO is the Single Audit oversight agency for most California local governments. Because the SCO is ADP's first point of contact in the audit resolution process, it works closely with SCO with regard to OMB Circular A-133 audit submissions. For the audits completed for fiscal year 2006-07, and as explained to the Bureau of State Audits (BSA) auditors, the SCO rejected some audits and granted a number of audit extensions to counties. These actions extended the date for audit report submission into the beginning of calendar year 2009. All the OMB Circular A-133 audits identified as delinquent in the BSA's audit report were included in those either rejected or extended by the SCO. However, the SCO has provided a final list, and ADP has conducted necessary follow-up.

The SCO is planning to make some procedural changes for the audits completed for fiscal year 2007–08, which will allow ADP to follow-up with the counties timelier. ADP remains committed to working with the SCO in an effort to achieve a more efficient and timely process in meeting its OMB Circular A-133 audit requirements.

Auditor's Comments on Department's View

ADP's statement that the two OMB Circular A-133 audits identified as delinquent were rejected or extended by the SCO is incorrect. According to the information the BSA received from the SCO, as of March 18, 2009, these two subgrantees had not submitted their OMB Circular A-133 audit reports for fiscal year 2006–07.

Reference Number:	2008-13-23
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Numbers and Years:	2B09SM010005-07; 2007 06B1CACMHS-01; 2006 05B1CACMHS-01; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart B—Audits, Section .225—Sanctions

No audit costs may be charged to Federal awards when audits required by this part have not been made or have been made but not in accordance with this part. In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities shall take appropriate action using sanctions such as:

- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;

- (b) Withholding or disallowing overhead costs;
- (c) Suspending Federal awards until the audit is conducted; or
- (d) Terminating the Federal award.

Condition

In our prior-year audit, we reported that Mental Health used the incorrect Catalog of Federal Domestic Assistance (CFDA) title in its correspondence to the counties by referring to the grant as “Federal Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant.” We also reported that Mental Health did not have procedures in place to follow up when counties had not submitted their annual OMB Circular A-133 audits to the State.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health had not addressed this finding. Specifically, it did not use the correct CFDA title in its correspondence to the counties. We also found that Mental Health continued to lack a procedure for following up with counties that have delinquent OMB Circular A-133 audits. According to staff in its Program Compliance Division, Mental Health has developed a procedure to enforce counties’ compliance with the audit requirement that includes a template for the letter it will send to the counties when the State Controller’s Office (SCO) indicates that it has not received the county’s OMB Circular A-133 audit. Mental Health estimates that the template will be finalized approximately March 15, 2009. Mental Health stated that upon approval of the template, it would commence enforcement by communicating with the SCO on any outstanding issues that may require Mental Health’s attention. Until Mental Health establishes procedures, it will be unable to identify and take appropriate corrective action against the counties that fail to comply with the OMB Circular A-133 audit requirements.

Questioned Costs

Not applicable.

Recommendations

Mental Health should institute procedures to ensure that it is using the correct CFDA title on its correspondence to counties. Mental Health should also implement procedures for following up with counties that have not submitted their OMB Circular A-133 audits and should sanction them as necessary.

Department’s View and Corrective Action Plan

Mental Health stated it concurs that the CFDA title “Block Grants for Community Mental Health Services” had not been used in its correspondence with the counties. Mental Health will change all forms sent to the county to the correct title as recommended by the audit finding.

Mental Health also stated that it would implement procedures to follow up with counties that have not submitted their OMB Circular A-133 audits and take appropriate actions.

Reference Number:	2008-13-25
Federal Catalog Number:	93.556
Federal Program Title:	Promoting Safe and Stable Families (PSSF)

Federal Award Numbers and Years:	G-0811CAFPCV; 2008 G-0701CA00FP; 2007 G-0601CA00FP; 2006 G-0501CA00FP; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Social Services (Social Services)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Condition

In our prior-year audit, we reported that Social Services did not have processes and procedures to ensure that its noncounty subrecipients have met the OMB Circular A-133 audit requirements. Specifically, Social Services did not have a process in place to collect and review the OMB Circular A-133 audits, nor to ensure that it issues management decisions within six months after receiving the audit.

During our follow-up procedures for fiscal year 2007–08, Social Services stated that staff in its Office of Child Abuse Prevention (OCAP) have identified all noncounty subrecipients and will include the OMB Circular A-133 audit requirement in its awards to them. Additionally, Social Services stated that its OCAP staff are working with its audit staff to draft processes and procedures to ensure that the audit requirements are met. Finally, according to the chief of OCAP, Social Services plans to have these processes and procedures in place in fiscal year 2008–09. However, as of November 2008, Social Services had yet to implement them. Without performing these functions, Social Services is unable to ensure that these subrecipients have taken timely and appropriate corrective action on all audit findings and are complying with the applicable federal program requirements.

Questioned Costs

Not applicable.

Recommendations

Social Services should implement the processes and procedures that it has proposed to collect and respond to noncounty subrecipients' OMB Circular A-133 audits, including processes and procedures to do the following:

- (1) Ensure that all required subrecipients meet the audit requirement.
- (2) Issue a management decision on audit findings within six months after receipt of the audit report.
- (3) Ensure that the subrecipient takes appropriate and timely corrective action.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. Specific to the OMB Circular A-133 audit requirements addressed in this finding, the OCAP, in consultation with the Children and Family Services Division (CFSD) Foster Care Audits and Rates Branch, developed procedures to ensure that specified subrecipients meet the OMB Circular A-133 audit requirements and that CFSD staff follow up on any audit findings to ensure that appropriate and timely corrective action is taken.

Social Services also stated that although this finding was specific to the Promoting Safe and Stable Families program, in order to ensure compliance with all the federal requirements referenced in the Bureau of State Audits' (BSA) 2008 Federal Compliance Audit, its CFSD has incorporated language to reflect the specific requirements noted in various findings. Specifically, the CFSD has established procedures to ensure that OMB Circular A-133 audit requirements, suspension and debarment requirements, and the CFDA title and number requirements are addressed in all of its grants and contracts. These procedures also include a Grantee Certification Form that must be signed by the grant recipient and submitted as part of the grant award. See Attachment C (Checklist), Attachment D (Grantee Certification) and Attachment E (Revised Procedures). The attachments are available for review at the BSA.

Reference Number:	2008-13-26
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Social Services (Social Services)
Federal Catalog Number:	93.558
Federal Program Title:	Temporary Assistance for Needy Families (TANF)
Federal Award Numbers and Years:	G-0802CATANF; 2008 G-0702CATANF; 2007

Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007

Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007

Federal Catalog Number:	93.566
Federal Program Title:	Refugee and Entrant Assistance—State Administered Programs (Refugee Program)

Federal Award Numbers and Years: 08AACA9100; 2008
07AACA9100; 2007

Federal Catalog Number: 93.556

Federal Program Title: Promoting Safe and Stable Families (PSSF)

Federal Award Numbers and Years: G-0801CAFPSS; 2008
G-0701CA00FP; 2007
G-0601CA00FP; 2006

Federal Catalog Number: 93.645

Federal Program Title: Child Welfare Services—State Grants (CWS)

Federal Award Numbers and Years: G-0801CA1400; 2008
G-0701CA1400; 2007

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of the Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or agreements as well as any supplemental requirements imposed by the pass-through entity.

Condition

Social Services did not identify federal award information, such as Catalog of Federal Domestic Assistance (CFDA) title and number, when issuing subawards to the counties for the programs listed above, excluding the Refugee Program. Although Social Services has periodic, ongoing correspondence with counties through the use of its fiscal letters that it uses to notify them of any issues related to administrative costs and other services, these letters were not used to notify counties receiving funds for the remaining five programs of the federal award information and relevant federal laws and regulations governing the programs. According to the chief of the Contracts and Financial Analysis Bureau, by the time the prior-year finding was brought to her attention, the county fiscal letters had already been released for these programs.

Additionally, Social Services does not send any notification to the counties regarding their subawards for the administrative expenses and the assistance payments they make to program beneficiaries. Instead, Social Services makes monthly cash advances to the counties and then requires the counties to submit administrative claims quarterly and assistance claims monthly. Although Social Services does not enter into a contract or similar agreement with the counties, it is clear that the State is granting subawards to the counties and is required to notify them of the federal award information and the relevant federal laws and regulations governing the programs.

Finally, during our follow-up procedures for the PSSF and Refugee programs, we found that Social Services did not provide all of the required federal award information in its contracts with its noncounty subrecipients. According to the chief of the Contracts and Financial Analysis Bureau, Social Services is working on a revised process to communicate award information to its noncounty subrecipients.

By not providing complete award information to its county and noncounty subrecipients, Social Services cannot be sure that its subrecipients are aware of and following all program requirements imposed on them.

Questioned Costs

Not applicable.

Recommendations

Social Services should amend its process for making subawards to the counties to include using either its annual fiscal letters or providing additional information with its single funding page crosswalk to notify the counties of the federal award information and relevant federal laws and regulations governing the programs.

Social Services should also continue its implementation of a process to communicate the federal award information and relevant federal laws and regulations governing the programs to its noncounty subrecipients.

Department’s View and Corrective Action Plan

Social Services stated that it concurs with the finding. Social Services will correct this problem through the release of an annual county fiscal letter that will identify the general federal award information for the counties.

Social Services also stated it will work with the federal granting agency, the Administration for Children and Families, regarding the requirement to notify subrecipients of the federal award information and relevant federal laws and regulations that govern the grant award.

Reference Number:	2008-13-27
Federal Catalog Number:	93.658
Federal Program Title:	Foster Care—Title IV-E
Federal Award Numbers and Years:	0801CA1401; 2008 0701CA1401; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Social Services (Social Services)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), SUBPART D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition

Social Services did not adequately monitor the activities of its contractor. Specifically, in accordance with its state plan, Social Services contracts with the Judicial Council of California (Judicial Council), which evaluates the counties' juvenile court procedures and provides technical assistance to the counties' judges, commissioners, referees, and court staff. Additionally, the Judicial Council will participate in meetings with the counties' welfare and probation department staff to improve compliance with Title IV-E. As part of its evaluation, the Judicial Council reviews court files and makes recommendations to the counties.

However, Social Services did not follow up on the recommendations made by the Judicial Council to the counties. According to Social Services, its follow-up on Judicial Council findings would be determined by the severity of the error found. For example, Social Services considers clerical errors less critical than a missing court order. Further, Social Services stated it would consider whether an error was isolated or systemic. Although Social Services stated that it has a process in place for following up on errors found by the Judicial Council, it failed to provide us any evidence of its follow-up efforts. Further, Social Services was unable to provide any written policy or procedures regarding its follow-up activities. Social Services stated that it would assign a staff person to monitor the Judicial Council's contract and reports.

If Social Services does not follow up on errors identified by its contractor, it risks allowing county practices that are out of compliance with Title IV-E program eligibility requirements to continue.

Questioned Costs

Not applicable.

Recommendation

Social Services should establish a process to ensure that it follows up with the counties on the recommendations made by the Judicial Council. The process should include written policies and procedures that dictate those recommendations that require follow-up.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. The Foster Care Audits and Rates Branch (FCARB) is responsible for the Judicial Review and Technical Assistance Program (JRTA) contract and receives the reports from the Administrative Office of the Courts (AOC) for review. FCARB will assign staff in the Funding and Eligibility Unit to review the recommendations submitted in the AOC reports. The appropriate child welfare agency will be contacted via a template letter that identifies the AOC recommendations and advise the county that the Funding and Eligibility Unit is available for technical assistance in addition to the technical assistance provided by JRTA. The FCARB has developed procedures for this activity and a template letter identifying JRTA recommendations. See Attachment A (County Director Letter) and Attachment B (Proposed CDSS Protocol). The attachments are available for review at the Bureau of State Audits.

Category of Finding: Subrecipient Monitoring
State Administering Department: Department of Social Services (Social Services)
Federal Catalog Number: 93.558
Federal Program Title: Temporary Assistance for Needy Families
Federal Award Number and Year: G-0802CATANF; 2008

Federal Catalog Number: 93.658
Federal Program Title: Foster Care—Title IV-E
Federal Award Numbers and Years: 0801CA1401; 2008
0701CA1401; 2007

Federal Catalog Number: 93.659
Federal Program Title: Adoption Assistance
Federal Award Numbers and Years: 0801CA1407; 2008
0701CA1407; 2007

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely action.

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart B—Audits, Section .225—Sanctions

No audit costs may be charged to Federal awards when audits required by this part have not been made or have been made but not in accordance with this part. In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities shall take appropriate action using sanctions such as:

- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
- (b) Withholding or disallowing overhead costs;

- (c) Suspending Federal awards until the audit is conducted; or
- (d) Terminating the Federal award.

STATE ADMINISTRATIVE MANUAL, Section 20070—Federal Pass-Through Funds

The OMB Circular A-133, Subpart D describes the responsibilities of federal agencies and pass-through entities. Specifically, Section .400(d) prescribes the responsibilities of a pass-through entity for the federal awards it makes.

To ensure that the State of California carries out its responsibilities in accordance with this federal act, the following procedures shall apply:

2. The SCO will coordinate single audit compliance with local governments.
 - a. Each state entity will monitor the federal funds it disburses to local governments to ensure compliance with federal laws and regulations. State entities will receive local government audit reports performed in accordance with the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156 from the SCO when the audit report includes a schedule of findings and questioned costs with respect to federal funds that were passed through state entities. In addition, the SCO will distribute the single audit reports to state entities when the prior fiscal year's single audit report included audit findings related to federal funds. The state entity will review these reports and evaluate the corrective action plans submitted in response to findings of noncompliance.
 - b. All contracts or agreements issued by state entities concerning disbursement of federal funds to local governments will include the requirement for an audit in accordance with P.L. 104-156 and amendments.
 - c. The SCO will inform units of local government to submit copies of audit reports and corrective action plans, when warranted, prepared in accordance with P.L. 104-156 and amendments directly to the SCO.
 - d. The SCO will distribute copies of each audit report and corrective action plan to state entities affected by audit findings.
 - e. State entities will follow up on audit findings pertaining to federal programs, which they administer, and the SCO will follow up on general findings such as those relating to internal control.
 - f. The SCO will review and monitor the audit reports issued by external independent auditors. The SCO will determine whether or not the audit reports conform to *Government Auditing Standards*.

Condition

Social Services lacks adequate policies and procedures to ensure that it issues management decisions on audit findings within six months after the State receives the counties' OMB Circular A-133 audit reports. As of September 18, 2008, the State Controller's Office (SCO) had received fiscal year 2006–07 OMB Circular A-133 audit reports for 55 of the 58 counties. However, as of November 21, 2008, it had only provided Social Services with the OMB Circular A-133 audit reports for 22 counties. Five of the 22 reports contained audit findings for the programs listed that required Social Services to issue management decisions. Also, 13 audit findings related to either the counties' lack of internal controls or noncompliance with requirements such as activities allowed/allowable costs, eligibility, and reporting. Yet Social Services did not issue a management decision for any of these findings. Moreover, Social Services was unaware of six of the 13 findings because it determined incorrectly that two of the five audit reports did not have any findings for programs it administers.

Additionally, we found that it took the SCO between 37 and 311 days to send the 22 reports to Social Services. These delays and the SCO's delay in forwarding the remaining 33 reports to Social Services appear to be due to the process it uses to certify the audits. Finally, we found that Social Services did not take any action, including imposing sanctions, for two of the three counties that continue to either be unwilling or unable to have an audit conducted and submitted to the SCO in a timely manner in accordance with OMB Circular A-133. In June and September 2008, the SCO provided all state agencies a list of local governments with delinquent 2006–07 fiscal year OMB Circular A-133 audit reports. However, in both cases, Social Services did not take any action to encourage or force these counties to submit their delinquent audit reports to the SCO.

By not issuing management decisions and not following up on delinquent reports, Social Services has no assurance that counties are addressing the audit findings in a timely and appropriate manner.

Questioned Costs

Unknown

Recommendations

Social Services should establish policies and procedures to ensure that it issues management decisions for audit findings contained in the counties' OMB Circular A-133 audit reports within the required six-month time period. Social Services should also improve the process it uses to determine whether management decisions are warranted so that no findings are omitted. Further, Social Services should work with the SCO to obtain each county's OMB Circular A-133 audit report as soon as possible after the SCO receives the reports. Finally, Social Services should establish policies and procedures, such as sanctions to be taken, to address instances when counties continue to either be unwilling or unable to have an audit conducted in accordance with OMB Circular A-133 and submitted to the SCO in a timely manner.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. Social Services also stated that by the end of calendar year 2009, it will establish policies and procedures to ensure achievement of the OMB Circular A-133 requirements. Additionally, to achieve OMB Circular A-133 requirements, Social Services will discuss and develop a memorandum of understanding with the SCO documenting changes to policies and procedures.

Reference Number:	2008-13-29
Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Social Services (Social Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.40—Monitoring and Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Condition

Social Services lacks formal processes to ensure it fulfills its pass-through responsibility to monitor the counties during the award period. For example, Social Services does not perform monitoring procedures such as on-site visits or desk reviews of the counties' activities to ensure they are administering the program in compliance with federal laws and regulations. Although Social Services provides technical assistance to the counties by answering questions regarding eligibility determinations and attending quarterly meetings with some of them, these efforts are not sufficient to ensure their compliance with all applicable federal laws and regulations.

According to the manager of its Adoptions Services Bureau, Social Services did not have sufficient resources available to perform monitoring procedures during fiscal year 2007–08. However, if Social Services does not monitor the counties, it has no assurance that they are always making correct eligibility determinations and complying with other requirements applicable to the program.

Questioned Costs

Not applicable.

Recommendation

Social Services should establish policies and procedures for monitoring the counties during the award period to ensure that they are complying with applicable laws, regulations, and the provisions of contracts or grant agreements.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. Within the Outcomes and Accountability Bureau (OAB), two outcomes and accountability units partner with counties to implement and monitor the California Outcomes and Accountability System as mandated by the Child Welfare System Improvement and Accountability Act of 2001 (AB 636 [Steinberg], Chapter 678, Statutes of 2001). The units provide oversight and technical assistance to California's 58 counties as county child welfare and probation agencies improve outcomes for children and families. These units measure, track, monitor, and collaborate with counties on an ongoing basis and provide focused attention and technical assistance during each component of the continuous improvement process: Quarterly Data Reports, Peer Quality Case Reviews, County Self-Assessments, and County System Improvement Plans. AB 636 (WIC 10601.2) suspended Social Service's formal Child Welfare Compliance Reviews to enable those resources to implement and oversee the State's Outcomes and Accountability System.

Although Social Services does not have a singularly focused Adoption Assistance Program (AAP) monitoring function in place, it does utilize the State (AB 636) outcomes and accountability process to help focus counties on important safety, permanency, and well-being areas as they develop their triennial System Improvement Plans. Adoption is an important permanency goal for eligible children, and as such, counties often include related strategies as part of their improvement plans.

Social Services also relies on OMB Circular A-133 Single Audit Reports for each county and when AAP issues are discovered by those audits, state AAP analysts coordinate with Social Services' Internal Audits Office and offending counties to develop and monitor corrective actions.

Auditor's Comments on Department's View

Social Services stated it concurs with the Bureau of State Audits' finding; however, its corrective action plan implies that it has been and continues to monitor the counties during the award period to ensure that they are complying with applicable laws, regulations, and the provisions of contracts or grant agreements. Thus, Social Services' characterization of its efforts to monitor the counties requires clarification.

The state law establishing the California Outcomes and Accountability System (COAS) states, "child and family service reviews shall maximize compliance with the federal regulations for the receipt of money from Subtitle E (commencing with Section 470) of Title IV of the federal Social Security Act (42 U.S.C. Section 670 and following) and ensure compliance with the state plan requirements set forth in Subtitle B (commencing with Section 421) of Title IV of the federal Social Security Act (42. U.S.C. Section 621 and following)." However, as Social Services indicated, the COAS focuses primarily on measuring outcomes for safety, permanence, and child and family well-being.

Although the focus of the COAS is critical for California's child welfare system, it does not address other important aspects of Social Services' responsibility for administering the day-to-day operations of the program in accordance with federal requirements, such as ensuring the counties are only spending federal funds on allowable costs and activities or ensuring they make correct eligibility determinations.

Furthermore, as indicated in finding number 2008-13-28, Social Services lacks adequate policies and procedures to ensure it issues management decisions on audit findings in the counties' OMB Circular A-133 audit reports and does not follow up on delinquent reports. Finally, these audits do not relieve Social Services of its responsibility for performing subrecipient monitoring procedures during the award period to ensure the counties are complying with federal laws and regulations.

Reference Number:	2008-14-1
Federal Catalog Number:	93.053
Federal Program Title:	Nutrition Services Incentive Program (NSIP)
Federal Award Number and Year:	08AACANSIP; 2008
Category of Finding:	Special Tests and Provisions
State Administering Department:	Department of Aging (Aging)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 35—PROGRAMS FOR OLDER AMERICANS, SUBCHAPTER III—GRANTS FOR STATE AND COMMUNITY PROGRAMS ON AGING, Section 3030a(d)—Option to Obtain Commodities From Secretary of Agriculture

- (4) Each State agency shall promptly and equitably disburse amounts received under this subsection to recipients of grants and contracts. Such disbursements shall only be used by such recipients of grants or contracts to purchase United States agricultural commodities and other foods for their nutrition projects.

Condition

Aging lacks adequate procedures to provide reasonable assurance that cash received in lieu of commodities is distributed equitably. Specifically, although its policy states that NSIP funding to subrecipients is based on the number of meals they served in the prior year in proportion to the number of meals served statewide, during fiscal year 2007–08 Aging lacked procedures to ensure staff follow the policy. Further the draft procedures Aging gave us in August 2008 do not require supervisory review and approval of the analyst's calculation of the allocation. The lack of adequate procedures hinders Aging's ability to prevent errors or to detect early any errors that may exist in the allocation.

Aging's draft procedures direct analysts to use meal counts in the most recently documented year. According to Aging, in practice, these are the meal counts most recently certified as accurate by the United States Department of Health and Human Services' Administration on Aging and reported for the prior-prior state fiscal year for the next year's allocation. For example, meal counts certified as accurate for fiscal year 2006–07 are used to calculate the fiscal year 2009–10 allocation. By contrast, Aging's policy issued to its subrecipients specifies the use of meal counts from the prior year. This is inconsistent. For example, in reviewing its calculation of the allocation for fiscal year 2007–08, we found that the analyst used meal counts from fiscal year 2004–05 instead of those from the prior year, fiscal year 2006–07, in accordance with its policy. According to the manager of Aging's Fiscal and Contracts Team, the fiscal year 2004–05 meal counts were the most recently finalized meal counts available at the time the fiscal year 2007–08 allocation was prepared. Our analysis found that Aging's departure from the policy issued to its subrecipients results in discrepancies in the amounts they would have received. Specifically, we found that the total NSIP allocation for one of the three subrecipients we tested was 10 percent lower than the allocation would have been if Aging had used total meal counts from fiscal year 2006–07, while the allocation for another subrecipient was almost 14 percent higher.

Questioned Costs

Not applicable.

Recommendations

Aging should establish procedures for handling cash received in lieu of commodities for the NSIP to ensure that it distributes the funds equitably. Specifically, these procedures should incorporate a supervisory review and approval process.

Aging should revise the policy issued to its subrecipients to reflect the actual methodology it uses to determine NSIP funding allocations.

Department's View and Corrective Action Plan

Aging stated that its procedures have been updated to be consistent with its current methodology and to avoid potential confusion and error. Aging assures the Bureau of State Audits that the procedures include the requirement for two levels of supervisory review and approval, including double-checking all calculations and supporting documentation. Aging stated that it will also issue a policy memo update to its subrecipients to remind them of its policy and procedures.

Reference Number:	2008-14-9
Federal Catalog Number:	93.563
Federal Program Title:	Child Support Enforcement (CSE)

Federal Award Numbers and Years:	0804CA4004; 2008 0704CA4004; 2007
Category of Finding:	Special Tests and Provisions
State Administering Department:	Department of Child Support Services (Child Support Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 303—STANDARDS FOR PROGRAM OPERATIONS,
Section 303.7—Provision of Services in Interstate IV-D Cases

- (a) Interstate central registry.
 - (1) The State IV-D agency must establish an interstate central registry responsible for receiving, distributing and responding to inquiries on all incoming interstate IV-D cases.
 - (2) Within 10 working days of receipt of an interstate IV-D case from an initiating State, the central registry must:
 - (i) Ensure that the documentation submitted with the case has been reviewed to determine completeness;
 - (ii) Forward the case for necessary action either to the State Parent Locator Services (PLS) for location services or to the appropriate agency for processing;
 - (iii) Acknowledge receipt of the case and ensure that any missing documentation has been requested from the initiating State; and
 - (iv) Inform the IV-D agency in the initiating State where the case was sent for action.
 - (3) If the documentation received with a case is inadequate and cannot be remedied by the central registry without the assistance of the initiating State, the central registry must forward the case for any action which can be taken pending necessary action by the initiating State.
 - (4) The central registry must respond to inquiries from other States within 5 working days of receipt of the request for a case status review.

Condition

Child Support Services did not adequately fulfill its responsibility to respond to interstate case requests and status review requests within the time required. Specifically, our review of 23 interstate cases found that Child Support Services' responses for 17 cases were made between 14 and 86 working days after receipt instead of the 10 working days required. We found no record that Child Support Services responded at all for an additional three cases, and it could not locate another sample item. Further, our review of 23 status requests found that Child Support Services' responses for seven requests took between six and 17 days, instead of the five days required. For six additional requests, we found no record that Child Support Services responded to the requesting state, and for two other requests, we could not determine compliance because Child Support Services could not locate the sample items.

We identified several control weaknesses hindering Child Support Services' compliance with these requirements. Specifically, it failed to update or follow its procedures for maintaining case and status request documentation. In response to a similar finding we issued for fiscal year 2006–07, Child Support Services reported that, as of May 2007, it had instituted procedures to file copies of documentation sent and received as part of each status request. However, Child Support Services rescinded these documentation requirements in September 2007 after determining that electronic data constituted sufficient evidence. According to Child Support Services, it reinstated the documentation requirements in May 2008 after an internal audit. However, we observed that specific documentation requirements were absent from current status request procedures, and Child Support Services was unable to provide complete hard copy documentation for any of the 23 status requests that we reviewed.

According to Child Support Services, status request procedures were not formally updated due to other higher-priority activities. Further, although its procedures require that documentation be kept for all interstate cases, Child Support Services had not maintained supporting documentation for six of the 23 sample cases we reviewed. By not regularly updating its procedures, Child Support Services elevates the risk that staff responsible for performing critical tasks will not perform them correctly. Further, without maintaining hard-copy documentation indicating activities performed, Child Support Services cannot document that it is appropriately responding to all case and status requests. This is particularly critical given that Child Support Services has recently transitioned to a new, statewide case and financial management system (new system). According to the department, this transition has put a strain on its ability to remain in compliance.

In addition, Child Support Services has not ensured that it acts upon all case requests or that it notifies initiating jurisdictions when it rejects electronically submitted cases. Specifically, states sometimes submit case requests to Child Support Services electronically through a federal data system. According to Child Support Services, 548 electronically submitted case requests were mistakenly rejected by the new system during our audit period even though they had been approved by the federal data system. Further, Child Support Services explained that it did not act on any of these 548 requests and that the initiating states that submitted the requests were not informed that their cases had been rejected. As of February 2009 Child Support Services expected to shortly implement a change to its software that would ensure that all electronically submitted cases that are approved by the federal data system be appropriately processed by the new system.

Child Support Services also does not have ready access to critical data regarding its activities and workload. Specifically, it could not readily provide us with an accurate range of case numbers entered into the new system over our audit period, nor could staff readily explain to us why one of our sample cases could not be located within the new system. To effectively monitor compliance, it is critical that Child Support Services develop efficient methods of extracting data concerning its activities from the new system. In addition, we observed that Child Support Services does not effectively monitor its own compliance with status request response requirements. Although Child Support Services maintains spreadsheets that it regularly monitors tracking whether it responds to interstate cases within the required 10 days, it does not effectively track whether it responds to status requests within the required five days. Without regularly monitoring compliance, Child Support Services is unable to accurately measure its progress toward meeting federal response requirements.

Further, Child Support Services has weak procedures for recording status request activities within the new system, and staff are not consistently following these procedures. Specifically, Child Support Services' procedures require staff to record all activities taking place on a status request, such as the receipt of a request or a county's response, within the new system. Staff are to manually record these activities in sentence form, following a format included as part of the procedures. Our review of 23 status requests revealed that department staff frequently did not follow this format. They instead used a variety of different written responses to record performed activities, and in some cases did not include critical information, such as the date when an activity took place. The use of manually typed activity logs invites inconsistency in data entry and does not allow Child Support Services to easily collect and analyze this data. Further, by not ensuring that staff are following the provided format, Child Support Services risks being unable to document that it is in compliance with response requirements.

Finally, controls implemented by Child Support Services did not sufficiently ensure that counties fulfilled their responsibilities to process case requests. Specifically, if a county had not yet transitioned to the new system in fiscal year 2007-08, Child Support Services delegated responsibility to the county to open the case, which would trigger the notification to the initiating jurisdiction. According to its procedures, Child Support Services was responsible for calling the assigned county for each case that remained unopened within seven days of it being forwarded. However, due to the large number of unopened cases, and to competing demands on staff time, Child Support Services did not find this process to be feasible. As a result, it instituted additional changes to encourage counties to open these cases. Nonetheless, initiating jurisdictions did not receive notifications for three of the 23 cases we reviewed. For all three cases, counties were responsible for opening the cases and triggering the

notifications. Delegating responsibility for response activities to counties does not absolve the State from its need to ensure that notifications are completed. Without instituting procedures ensuring that all counties open cases promptly, Child Support Services risks that initiating jurisdictions will not receive responses within the 10 days required. However, because all counties had transitioned to the new system by November 2008 and Child Support Services is now responsible for responding to initiating jurisdictions, this control weakness exists only for fiscal year 2007–08 and the first part of fiscal year 2008–09. Thus, no corrective action is necessary for this obsolete process.

Questioned Costs

Not applicable.

Recommendations

Child Support Services should implement and adhere to internal control procedures that will allow it to ensure that it complies with federal requirements to respond to interstate case and status requests within the required time periods. Specifically, it should regularly review internal procedures for processing case and status requests to ensure that they are up to date and include key controls, including specific documentation requirements. It should also monitor staff to make sure that they consistently follow these procedures. Child Support Services should also make sure that all electronically submitted case requests are appropriately processed within the new system. In addition, it should work to ensure that information critical to monitoring compliance is readily available and ensure that management regularly reviews data on compliance with status request response requirements. Further, Child Support Services should ensure that staff consistently follow the prescribed format for recording status request activities. In addition, it should determine if it is cost-effective to change how it records this information in the new system to standardize and simplify its process.

Department's View and Corrective Action Plan

The automated performance reports through the CSE system are being developed to monitor the status request and case opening process. California Central Registry (CCR) management developed new manual management reports that include more statistical information to assist in a comprehensive first and second level monitoring of functions. This, along with quality assurance procedures, will identify risks regarding compliance time frames and enable the program to take timely, appropriate, and effective actions that will mitigate the risks identified.

Program procedures for both the status request and case opening processes have been updated to provide required language for activity log comments, document retention, and required date stamps. Our procedure updates are completed by staff, reviewed by management, and saved to a common drive available to all CCR staff. These procedures are saved with the revised date as part of the naming convention to enable staff to identify and access the most current procedures while maintaining a history of the procedure documents. As procedures are updated, copies are distributed to staff via structured meetings to communicate the changes and assure staff's comprehension and adoption of new procedures. If a staff member is not available for a meeting, the supervisor will meet with him or her separately to discuss the updated procedures and ensure understanding.

With the implementation of first and second level management review, management will regularly review work and ascertain consistency and completion in accordance with the program's procedures. Our management review process will evaluate hard-copy documents in files and on electronic spreadsheets, validating the information against information contained in our CSE system to ensure compliance with procedures and accuracy of data.

Reference Number:	2008-14-10
Federal Catalog Number:	93.958
Federal Program Title:	Block Grants for Community Mental Health Services
Federal Award Number and Year:	2B09SM010005-07; 2007
Category of Finding:	Special Tests and Provisions
State Administering Department:	Department of Mental Health (Mental Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICES, SUBCHAPTER XVII—BLOCK GRANTS, PART B—Block Grants Regarding Mental Health and Substance Abuse, Subpart iii—General Provisions, Section 300x-53—Additional Requirements

(a) In general

A funding agreement for a grant under section 300x or 300x-21 of this title is that the State involved will—

- (1)(A) for the fiscal year for which the grant involved is provided, provide for independent peer review to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved; and
- (B) ensure that, in the conduct of such peer review, not fewer than 5 percent of the entities providing services in the State under such program are reviewed (which 5 percent is representative of the total population of such entities).

Condition

In our prior-year audit, we reported that Mental Health did not facilitate peer reviews. Mental Health had facilitated peer reviews in the past in conjunction with its site reviews but phased them out in 2004 after a departmental reorganization.

During our follow-up procedures for fiscal year 2007–08, we found that Mental Health continued to not facilitate peer reviews. According to its program staff, although Mental Health planned to resume peer reviews, it experienced another departmental reorganization, and no further action has been taken. Mental Health has yet to establish a date for resuming peer reviews. The lack of peer reviews further diminishes Mental Health's oversight of the programs offered by counties using the block grants for Community Health Services funds.

Questioned Costs

Not applicable.

Recommendation

Mental Health should resume independent peer reviews, as required by federal law.

Department's View and Corrective Action Plan

Mental Health stated it would seek guidance from the federal Center for Mental Health Services prior to developing options for meeting all applicable grant requirements.

Reference Number:	2008-14-11
Federal Catalog Number:	93.659
Federal Program Title:	Adoption Assistance
Federal Award Numbers and Years:	0801CA1407; 2008 0701CA1407; 2007
Category of Finding:	Special Tests and Provisions
State Administering Department:	Department of Social Services (Social Services)

Criteria

TITLE 45—PUBLIC WELFARE, PART 1355—GENERAL, Section 1355.21—State Plan Requirements for Titles IV-E and IV-B

- (b) The State plans for titles IV-E and IV-B must provide for compliance with the Department’s regulations listed in 45 CFR 1355.30.

Condition

While obtaining an understanding of internal controls, we noted that Social Services does not have controls in place to ensure that state laws, regulations, and policies and procedures are regularly updated to align with federal rules and regulations. Specifically, in May 2008, the U.S. Department of Health and Human Services (Health and Human Services) notified Social Services that its review of the state plan raised concerns that the State is not in compliance with a number of federal program requirements.

Health and Human Services pointed out that the State plan makes several references to state laws, regulations, and policies and procedures that either conflict with, omit, or are more restrictive than federal requirements. For example, California’s regulations conflict with federal requirements regarding children who meet the Supplemental Security Income (SSI) pathway to adoption assistance eligibility. Because state regulations do not clearly indicate that an SSI-eligible child does not need to be subject to an agency adoption, it is possible that several children were subject to an agency adoption when an independent adoption would have sufficed. Additionally, Social Services’ manual of policies and procedures outlines adoption assistance eligibility criteria for children of minor parents that are more restrictive than the federal requirements contained in the Social Security Act. Because the state’s policies are more restrictive, it is possible that families meeting these criteria may have inappropriately been denied adoption assistance payments.

Due to these instances of noncompliance with federal requirements, Health and Human Services required Social Services to develop a program improvement plan that outlines the steps and the associated time frames for bringing the State into compliance with federal requirements. Social Services submitted its proposed program improvement plan to the department in December 2008, which indicates that Social Services plans to bring the State into full compliance by September 2010.

Questioned Costs

Not applicable.

Recommendations

Social Services should develop internal controls to ensure that state laws, regulations, and its policies and procedures are regularly updated to align with federal laws and regulations. Additionally, Social Services should continue to implement its program improvement plan in accordance with the specified time frames approved by Health and Human Services.

Department's View and Corrective Action Plan

Social Services stated that it concurs with this finding. In response to several concerns raised by Health and Human Services' Administration for Children and Families, regarding areas of noncompliance with federal Adoption Assistance Program (AAP) requirements, the Adoptions Services Bureau (Adoptions Services) submitted a Program Improvement Plan on December 23, 2008, for Health and Human Services' approval. The plan addresses implementing necessary legislative and regulatory changes and training to bring the State into compliance with the Title IV-E AAP. This involves not only revising the State's Welfare and Institutions Code and Family Code statutes, but also the State's regulations, forms, and procedures to align with federal AAP regulations. Adoptions Services is awaiting federal approval of this plan.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Reference Number:	2008-1-14
Federal Catalog Number:	14.228
Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007
Category of Finding:	Activities Allowed/Allowable Costs; Subrecipient Monitoring
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS, Subpart I—State Community Development Block Grant Program, Section 570.492—State's Reviews and Audits

- (a) The state shall make reviews and audits including on-site reviews, of units of general local government as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the Act.

Condition

Housing's process for reviewing subrecipient fund requests does not provide reasonable assurance that its subrecipients' expenditures are only for allowable activities and costs.

According to the CDBG program manager, Housing does not require subrecipients to submit supporting documentation that would allow CDBG program staff to verify the eligibility of expenditures contained in the fund requests. Consequently, program staff must rely on site visits to verify the eligibility of subrecipient expenditures. The CDBG program manager told us that the program is now working to improve its control process to address this issue. According to the program manager, Housing is in the process of implementing a requirement that grantees submit signature cards, so program staff can verify that an authorized individual signed the funds requests. Housing is also in the process of implementing a summary of expenditures form, which will require subrecipients to submit supporting documentation with their fund requests.

The CDBG program manager also stated that on-site monitoring review was the only way to ensure that program funds were spent in a timely manner and for the appropriate purposes. However, our review of CDBG grant information for 35 of its subrecipients found that CDBG did not consistently follow its process regarding subrecipient on-site monitoring reviews. Specifically, based on our review, 22 of the 35 grants we tested were not adequately monitored via a risk assessment or a site visit.

For 12 of the grants, CDBG did not perform a site visit, and the grant either had a risk assessment score that was above the program's threshold for requiring a site visit or the program did not perform a risk assessment. For another of the grants, although CDBG staff performed an initial site visit, the subrecipient's records were incomplete; the program informed the subrecipient that it would visit a second time, which it did not do. Finally, the CDBG program has a goal of performing a site visit of all CDBG economic development grants before they are completed. However, the CDBG program did not perform site visits for nine of the 10 grants we reviewed that were due to be completed on or before June 30, 2008. According to the CDBG program manager, the CDBG program is developing a comprehensive monitoring plan that will include, among other things, monitoring objectives, strategies, risk assessment steps, and steps for on-site visits.

Until Housing establishes stronger processes and procedures for its CDBG program, it has no way of knowing whether its subrecipients are charging unallowable costs and activities to the program.

Questioned Costs

Unknown

Recommendations

Housing should improve its control processes over subrecipient fund requests in its CDBG program, including putting into place a system to obtain documentation such as invoices to support subrecipient fund requests, and requiring subrecipient signature cards to help in reviewing fund requests to increase assurance that subrecipient funds are spent for the appropriate purposes.

With respect to subrecipient monitoring, Housing should adhere to its written policies and procedures to identify subrecipients at high risk of noncompliance with program requirements and follow through with site visits of those subrecipients to ensure they comply with program requirements.

Department's View and Corrective Action Plan

Housing has taken the steps cited by the Bureau of State Audits to improve its control processes over subrecipient fund requests. Specifically, Housing has implemented a requirement that subrecipients provide source documentation (for example, a summary of expenditures, invoices, or cost allocation plans) when requesting grant funds. In addition, Housing requires subrecipients to submit signature cards that authorize which officials may sign funds requests before submitting them to the State of California.

Furthermore, Housing will adhere to its monitoring policies and procedures to identify subrecipients at high risk of noncompliance with program requirements by performing the following steps:

1. Annually adopting the monitoring plan (by May 2009 for fiscal year 2009–10).
2. Training its staff to conduct risk assessments and on-site visits of the high-risk grantees (by September 2009 for fiscal year 2009–10).
3. Developing a three-month schedule of on-site visits based on the availability of resources (by November 2009 for fiscal year 2009–10).
4. Supplementing the on-site visits with additional monitoring techniques, such as desk monitoring (by November 2009 for fiscal year 2009–10).

Reference Number: 2008-7-15

Federal Catalog Number: 14.228

Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007
Category of Finding:	Earmarking
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS, Subpart I—State Community Development Block Grant Program, Section 570.484—Overall Benefit to Low and Moderate Income Persons

- (a) General. The State must certify that, in the aggregate, not less than 70 percent of the CDBG funds received by the state during a period specified by the state, not to exceed three years, will be used for activities that benefit persons of low and moderate income. The period selected and certified to by the state shall be designated by fiscal year of annual grants, and shall be for one, two or three consecutive annual grants. The period shall be in effect until all included funds are expended. No CDBG funds may be included in more than one period selected, and all CDBG funds received must be included in a selected period.
- (b) Computation of 70 percent benefit. Determination that a state has carried out its certification under paragraph (a) of this section requires evidence that not less than 70 percent of the aggregate of the designated annual grant(s), any funds reallocated by the U.S. Department of Housing and Urban Development (HUD) to the state, any distributed program income and any guaranteed loan funds under the provisions of subpart M of this part covered in the method of distribution in the final statement or statements for the designated annual grant year or years have been expended for activities meeting criteria as provided in section 570.483(b) for activities benefiting low and moderate income persons (national objective).

Condition

In October 2007, during the fiscal year that we audited, HUD issued a program monitoring review of Housing's CDBG program. In its review, HUD identified a finding regarding the documentation of the national objective. HUD noted that, in accordance with the CDBG program's record-keeping requirements, Housing's records must document the specific national objective criteria met by each activity. HUD found that although Housing documents its application reviews, the review sheets used in that process do not specifically identify the statutory requirement met by each activity. Further, HUD's review found that although Housing does require recipients to include how they will meet the national objective criteria in their applications, it does not require a further breakdown of the national objective criteria into low and moderate limited clientele, low and moderate housing, low and moderate area, or low and moderate jobs. Additionally, HUD found that Housing was inconsistent in including census data for individual activities and included no supporting documentation was present in project files to outline the service area of activities assisting low-income persons on an area-wide basis. Due to the lack of documentation, HUD could not determine if all of the activities were serving low- and moderate-income persons as intended.

Our evaluation of Housing's internal controls over compliance with the national objective requirement resulted in a similar finding to HUD's. For 13 of the 16 approved CDBG program applications we reviewed, Housing did not have adequate documentation to demonstrate that it had reviewed the projects to ensure that they met the national objective. In each of the 13 applications, we found that the applicant submitted documentation pertaining to the national objective requirement. For one of the 13, Housing could not provide evidence that it had reviewed the applicant's documentation before it awarded the CDBG funding. For the remaining 12 applications, although Housing completed a review sheet, the review sheets used did not sufficiently demonstrate how Housing determined that the

applicants met the national objective before it awarded CDBG funding. Because of the lack of evidence of its review, Housing could not sufficiently demonstrate that the activities included in the applications were serving low- and moderate-income persons as intended.

According to a CDBG program manager at Housing, as of the 2008 funding cycle, Housing has implemented a more comprehensive application review sheet that requires the reviewer to thoroughly verify that the national objective has been met.

Questioned Costs

Unknown

Recommendation

Housing should implement the corrective action plan for documenting the national objective as directed by HUD.

Department's View and Corrective Action Plan

As noted in the finding, Housing implemented a comprehensive application review sheet during the 2008 funding cycle. As part of this implementation, Housing revised the activity review sheet, which the program staff use to document that the activity is eligible and meets the CDBG national objective. Housing conducts this review for eligibility and documentation of the CDBG national objective as part of the threshold review it performs when it receives the application for funding.

Reference Number:	2008-7-16
Federal Catalog Number:	14.228
Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007
Category of Finding:	Earmarking (Public Services)
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 69—COMMUNITY DEVELOPMENT, Section 5305—Activities Eligible for Assistance

- (a) Enumeration of eligible activities
 - (8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month

period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this chapter, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government . . . under this chapter including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this chapter for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS, Subpart I—State Community Development Block Grant Program, Section 570.490—Recordkeeping Requirements

- (a) State records. (1) The state shall establish and maintain such records as may be necessary to facilitate review and audit by the U.S. Department of Housing and Urban Development (HUD) of the state's administration of CDBG funds under section 570.493. The content of records maintained by the state shall be as jointly agreed upon by HUD and the states and sufficient to enable HUD to make the determinations described at section 570.493. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. The records shall also permit audit of the states in accordance with the Code of Federal Regulations, Title 24, Part 85.

Condition

Housing could not provide sufficient supporting documentation to demonstrate that it did not allocate more than 15 percent of its 2007 CDBG award for the provision of public services. A CDBG program manager at Housing (program manager) asserted that Housing calculated the maximum public services allocation after it developed a preliminary funding list. She stated that Housing ensures it does not exceed the 15 percent cap (public services cap) by applying a 15 percent cap to the awards made by Housing to local governments under the general allocation component.

However, Housing did not separately track the dollar value of public services associated with local government contracts that it approved for funding from its 2007 CDBG award. One of the spreadsheets that Housing provided as evidence that it complied with the public services cap appeared to be its preliminary funding list, but it included applications that were not approved for funds from the 2007 CDBG award. Additionally, this spreadsheet did not identify the contract numbers and dollar value of public services for contracts that Housing had approved; therefore we could not use the spreadsheet to verify the public services dollar amounts that Housing awarded. Another spreadsheet Housing provided to support that it complied with the public services cap did not identify the dollar amount it awarded for any public services activity components and it did not identify a contract number. Without documentation of the specific contracts and amounts funded from the 2007 CDBG award that Housing used to support its adherence to the public services cap, we were unable to verify whether Housing met this requirement.

Questioned Costs

Unknown

Recommendations

Housing's CDBG staff should continue to document public services funds requested as they review applications for funding. After the applications are approved and contracts are awarded, however, Housing should document the amount of public services allocations to ensure that the amount does not exceed the cap.

Department's View and Corrective Action Plan

Housing's CDBG staff will continue to document public services funds requested when reviewing applications. In addition, beginning with fiscal year 2009–10, CDBG staff will develop a more comprehensive tracking system to ensure that the allocations do not exceed the 15 percent cap. Specifically, CDBG staff will perform the following:

- Continue to use the preliminary funding list to determine the proposed amount to be expended on public services.
- Establish the maximum allowable to be expended on public services and insert formulas in the tracking sheets to signal if the maximum amount has been exceeded.
- After contract execution, complete the tracking sheets with contract numbers.
- Regularly monitor that the cap is not exceeded by additional awards and maintain a record of all monitoring activity.

Reference Number:	2008-7-17
Federal Catalog Number:	14.239
Federal Program Title:	HOME Investment Partnerships Program (HOME Program)
Federal Award Number and Year:	M06-SG-06-0100; 2006
Category of Finding:	Matching
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 92—HOME INVESTMENT PARTNERSHIPS PROGRAM, Subpart E—Program Requirements, Section 92.218—Amount of Matching Contribution

- a) General. Each participating jurisdiction must make contributions to housing that qualifies as affordable housing under the HOME Program, throughout a fiscal year. The contributions must total not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund Treasury account in that fiscal year, excluding funds drawn for purposes identified in paragraph (c) of this section.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 92—HOME INVESTMENT PARTNERSHIPS PROGRAM, Subpart K—Program Administration, Section 92.508—Recordkeeping

- (a) General. Each participating jurisdiction must establish and maintain sufficient records to enable the U.S. Department of Housing and Urban Development (HUD) to determine whether the participating jurisdiction has met the requirements of this part. At a minimum, the following records are needed:
 - (ix) Records demonstrating compliance with the matching requirements of section 92.218 through section 92.222 including a running log and project records documenting the type and amount of match contributions by project.

Condition

Housing lacks adequate internal controls to ensure that it reports accurate matching information to HUD. Housing must submit a match report to HUD for each year that it draws down funds from the U.S. Treasury for HOME Program projects. Our review of the HOME Program Match Report Housing submitted to HUD for fiscal year 2006–07 revealed that the match liability and contribution data Housing reported were inaccurate. Housing could not provide supporting documentation for some of the amounts it used in its determinations, and we identified inconsistencies in the data generated by the database Housing uses to track subrecipient matching activity.

The fiscal manager in Housing’s HOME Program confirmed the errors in the match liability and matching contribution information Housing reported. She stated that she reviewed the supporting calculations for the report, but she did not review all of the various source documentation used in determining Housing’s match liability and match contributions. The fiscal manager also confirmed that the database Housing uses to track subrecipient matching activity incorrectly double-counted some of the match contribution amounts used in determining the match contribution information reported in the HOME Program Match Report. The manager stated that she would submit a corrected HOME Match Report to HUD.

Although we found that Housing met its matching requirement, its lack of internal controls hindered its ability to provide accurate matching information to HUD in its fiscal year 2006–07 match report.

Questioned Costs

Not applicable.

Recommendations

Housing should ensure that the matching information generated from its database accurately represents the data submitted by subrecipients, and it should conduct a more thorough review of the accuracy of its match report before it submits the report to HUD.

Department’s View and Corrective Action Plan

Housing stated that by July 31, 2009, it will: a) select a random sample of subrecipients to ensure that the data provided in the Project Completion Report is accurately portrayed in the match report; b) test the computer program that generates the match report before the report is generated to make sure that the computer program produces an accurate report with the data in the system at the time; and c) train enough staff to prepare the report so that in the event of staff absences, the report will be generated by staff, with the fiscal manager responsible to ensure its accuracy.

Reference Number:	2008-9-5
Federal Catalog Number:	14.228

Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007
Category of Finding:	Suspension and Debarment
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 24—HOUSING AND URBAN DEVELOPMENT, Part 570—COMMUNITY DEVELOPMENT BLOCK GRANTS, Subpart 1—State Community Development Block Grant Program, Section 570.489—Program Administrative Requirements

- (I) Debarment and suspension. As required by the Code of Federal Regulations, Title 24, part 24, each CDBG participant shall require participants in lower tier covered transactions to include a certification that neither it nor its principals are currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction in any proposal submitted in connection with the lower tier covered transactions. A participant may rely on the certification, unless it knows the certification is erroneous.

Condition

Housing does not require its subrecipients to certify that neither they nor their principals are currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs.

Housing's Notice of Funding Availability and Application Package (application) for the CDBG program requires subrecipients to certify that they will not award contacts to or otherwise engage the services of any contractor if that contractor or its principals are suspended or debarred. However, because Housing's application does not require the subrecipient to certify that neither it nor its principals are suspended or debarred, it does not meet the requirements of the Code of Federal Regulations, Title 24, Section 570.489(I). Additionally, like the application, the language in Housing's contracts with its subrecipients also does not require subrecipients to certify that they are not suspended or debarred.

As described in the Code of Federal Regulations, Title 2, Section 180.300, another method by which Housing could meet the federal suspension and debarment requirements would be to check the federal Excluded Parties List System (EPLS) to verify that subrecipients are not suspended or debarred before entering into contracts. However, Housing staff do not refer to the EPLS to verify whether a city or county is on the list.

Questioned Costs

Not applicable.

Recommendation

Housing should require its subrecipients to certify that they are not suspended or debarred from participating in federal assistance programs.

Department's View and Corrective Action Plan

Housing stated that, beginning with the 2009–10 funding round, it will:

1. Include language in the Notice of Funding Availability explicitly instructing applicants to verify and document their status on the Excluded Party List System; and

2. Revise its Application Statement of Assurances to include a certification that neither the applicant nor its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in federal assistance programs.

Reference Number:	2008-12-18
Federal Catalog Number:	14.228
Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-06-DC-06-0001; 2006
Category of Finding:	Reporting
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 135—ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS, Subpart E—Reporting and Recordkeeping, Section 135.90—Reporting

Each recipient which receives directly from the U.S. Department of Housing and Urban Development (HUD) financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 91—CONSOLIDATED SUBMISSIONS FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS, Subpart F—Other General Requirements, Section 91.520—Performance Reports

General. Each jurisdiction that has an approved consolidated plan shall annually review and report, in a form prescribed by HUD, on the progress it has made in carrying out its strategic plan and its action plan. The performance report must include a description of the resources made available, the investment of available resources, the geographic distribution and location of investments, the families and persons assisted (including the racial and ethnic status of persons assisted), actions taken to affirmatively further fair housing, and other actions indicated in the strategic plan and the action plan.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS, Subpart I—State Community Development Block Grant Program, Section 570.490—Recordkeeping Requirements

State records. (1) The state shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the state's administration of CDBG funds under Section 570.493. The content of records maintained by the state shall be as jointly agreed upon by HUD and the states and sufficient to enable HUD to make the determinations described at Section 570.493. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. The records shall also permit audit of the states in accordance with the Code of Federal Regulations, Title 24, Part 85.

Condition

Section 3 Summary Report

Housing lacks adequate internal controls to ensure the completeness of the Section 3 report that it submits to HUD. The Section 3 Summary Report includes information on the number of new employees hired that are low or very low-income residents (Section 3 employees) and the amount of contracts awarded to businesses that are owned by low or very low-income persons or that employ a certain percentage of Section 3 employees (Section 3 businesses) on projects funded with CDBG grants during the fiscal year. Housing does not maintain a central list or tracking system to ensure that it receives Section 3 reports from all applicable subrecipients. Instead, a program manager in the Community and Economic Development section acknowledged that subrecipients determine whether they meet the expenditure threshold that requires them to submit the report on Section 3 activity to Housing. Because it does not have a process in place to independently identify which of its subrecipients meet the requirement to report and ensure that it receives all of the required Section 3 reports, Housing cannot demonstrate that the Section 3 report that it submits to HUD is complete.

Consolidated Annual Performance and Evaluation Report (performance report)

Housing could not demonstrate how it arrived at the amount of total resources available that it reported to HUD in the performance report for fiscal year 2006–07. According to the performance report, Housing had \$11.7 million available for award from contracts that had reserved funds from previous years. However, Housing could not provide supporting documentation to show the specific contracts or years these funds came from. A program manager for CDBG acknowledged that she and her staff could not substantiate the amount of total resources available that Housing reported in the performance report. Specifically, the program manager stated that supporting documentation was not immediately available to demonstrate what funds from previous years were used to support the total reported amount awarded to subrecipients, and also stated that this information was prepared by people other than her and her staff. Other program managers within the CDBG program at Housing were also unable to provide documentation to substantiate the information. Without adequate procedures in place to document and support the information it provides to HUD in its performance report, Housing cannot ensure that it accurately identifies the State's allocation of CDBG program funds.

Questioned Costs

Not applicable.

Recommendations

Housing should establish controls to ensure that it obtains and reports the Section 3 activity from all its subrecipients that meet the requirements to report this activity. In addition, Housing should establish processes and procedures to ensure that the information in its performance report is accurate and can be traced to supporting documentation.

Department's View and Corrective Action Plan

Housing stated that, beginning with fiscal year 2009–10, it will establish controls to ensure that it obtains and reports the Section 3 activity. For instance, by September 2009 Housing will establish and maintain a central list or tracking system to independently identify which of its subrecipients meet the requirement to report. In addition, by November 2009 Housing will establish a process to ensure that the information reported in its performance report is accurate and can be traced to supporting documentation. This process will include a clear delineation of steps and specific, written procedures.

Reference Number:	2008-12-19
Federal Catalog Number:	14.239
Federal Program Title:	HOME Investment Partnerships Program (HOME Program)
Federal Award Number and Year:	M06-SG-06-0100; 2006
Category of Finding:	Reporting
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 135—ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS, Subpart E—Reporting and Recordkeeping, Section 135.90—Reporting

Each recipient which receives directly from the U.S. Department of Housing and Urban Development (HUD) financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3.

Condition

Housing lacks adequate internal controls to ensure the accuracy of the data in and the completeness of the annual Section 3 Summary Report it is required to submit to HUD. The Section 3 Summary Report includes, information on the number of new employees hired that are low or very low-income residents (Section 3 employees) and the amount of contracts awarded to businesses that are owned by low or very low-income persons or that employ a certain percentage of Section 3 employees (Section 3 businesses) on projects funded with HOME Program grants during the fiscal year. Our review of the Section 3 Summary Report that Housing submitted to HUD for the fiscal year ending June 30, 2007, found that some of the information Housing reported was inconsistent with the data on the summary spreadsheet it prepared from the annual Section 3 reports its subrecipients submitted to it. Specifically, for the number of new Section 3 employees hired, Housing underreported by one in one category and overreported by one in another. In addition, Housing reported the number of Section 3 businesses receiving contracts as zero when its summary spreadsheet reflected nine. A manager in the HOME Program confirmed the inconsistencies and stated that they were the result of transposition errors from Housing’s spreadsheets to the report. After we brought these errors to Housing’s attention, the manager submitted a revised report to HUD.

Housing’s HOME Program fiscal manager also told us that Housing does not have a central list or tracking system specific to the Section 3 reporting requirement and for this reason could not supply a list of subrecipients that are required to file. Instead, Housing relies on its subrecipients to determine whether they meet the expenditure threshold that requires them to report their Section 3 activities. Because it does not have a process in place to independently identify which of its subrecipients meet the requirement to report and ensure that it receives all of the required reports, Housing cannot demonstrate that the Section 3 report that it submits to HUD is complete.

Questioned Costs

Not applicable.

Recommendations

Housing should strengthen its reviews over the preparation of the Section 3 Summary Report it submits to HUD to ensure it accurately reflects the State's Section 3 activities. In addition, Housing should establish controls to ensure that it obtains and reports the Section 3 activity from all its subrecipients that meet the requirements to report this activity.

Department's View and Corrective Action Plan

Housing stated that, by May 31, 2009, it will develop procedures to obtain and report to the maximum extent practicable the Section 3 activity from its subrecipients that meet the requirement to report Section 3 activity. In addition, to ensure that the report accurately reflects the State's Section 3 activities reported by subrecipients, Housing will do the following: a) select a random sample of subrecipients to ensure that the data provided in their Section 3 report is accurately portrayed in the Section 3 Summary Report; b) test the computer program that generates the Section 3 report before the report is generated to make sure that the computer program produces an accurate report with the data in the system at the time; and c) train enough staff to prepare the report so that in the event of staff absences, the report will be generated by staff, with a HOME Program manager or specialist responsible to ensure its accuracy.

Reference Number:	2008-12-20
Federal Catalog Number:	14.239
Federal Program Title:	HOME Investment Partnerships Program (HOME Program)
Federal Award Number and Year:	M07-SG-06-0100; 2007
Category of Finding:	Reporting
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart C—Auditees, Section .310—Financial Statements

- (b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall:
 - (3) Provide total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart B—Audits, Section .205—Basis for Determining Federal Awards Expended

- (b) Loan and loan guarantees (loans). Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines shall be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section:
 - (1) Value of new loans made or received during the fiscal year; plus

- (2) Balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

Condition

Housing did not report to the Department of Finance for inclusion in the Schedule of Federal Assistance the correct amount of its outstanding loans of HOME Program funds for which affordability requirements continue for five to 20 years. Specifically, Housing included \$1 million in grants to cities and counties that the HOME Program fiscal manager acknowledged had been miscoded in Housing’s accounting records as outstanding loans. In addition, Housing understated the loan balance of one loan recipient by \$188,000. The HOME Program fiscal manager confirmed the error and said Housing is working to identify the cause.

Questioned Costs

Not applicable.

Recommendation

Housing should establish controls to ensure that it accurately identifies, codes, and tracks the outstanding loans of HOME Program funds that it makes as the state lender.

Department’s View and Corrective Action Plan

Housing stated that, by December 31, 2009, it will do the following: a) reconcile the CALSTARS S01 report to the CAPES and City Software list of state loans to ensure that all information in CALSTARS is correct; b) submit appropriate forms/documentation to the Accounting Branch to make any required changes; and c) develop procedures to ensure that new awards to community housing development organizations continue to be correctly coded in CALSTARS.

Reference Number:	2008-13-30
Federal Catalog Number:	14.228
Federal Program Title:	Community Development Block Grants/State’s Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is research and development, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

Condition

Housing did not completely fulfill its subrecipient monitoring responsibilities for the CDBG program. Our review of CDBG program award documents and contracts issued to 10 subrecipients found that CDBG informed subrecipients of most of the federal award information and compliance requirements. However, the award information did not properly include the Catalog of Federal Domestic Assistance (CFDA) number for the CDBG program.

The CDBG program manager confirmed that the program did not specifically include the CFDA number in the contracts or any other award information provided to subrecipients; however, it plans to include this number in future contracts or award letters. Without the required federal award information, Housing cannot ensure its subrecipients are aware of all the program's requirements.

Questioned Costs

Not applicable.

Recommendation

Housing should ensure that it includes the CFDA number of the CDBG program in the contracts it enters into with subrecipients.

Department's View and Corrective Action Plan

In January 2009, Housing implemented procedures to include the CFDA number of the CDBG program in the contracts entered into with subrecipients.

Reference Number:	2008-13-31
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Housing and Community Development (Housing)
Federal Catalog Number:	14.239
Federal Program Title:	HOME Investment Partnerships Program (HOME Program)
Federal Award Number and Year:	M07-SG-06-0100; 2007

Federal Catalog Number:	14.228
Federal Program Title:	Community Development Block Grants/State's Program (CDBG)
Federal Award Number and Year:	B-07-DC-06-0001; 2007

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
 - (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Condition

Housing did not issue management decisions related to subrecipients' OMB Circular A-133 audit findings within the required six-month time frame. The State has established a process whereby local governments submit copies of their OMB Circular A-133 reports to the State Controller's Office (SCO). The SCO is responsible for certifying that the report conforms to auditing standards. Upon certification, it sends copies of OMB Circular A-133 reports to state agencies, which are responsible for following up on the audit findings related to the federal programs they administer. Despite the fact that the State of California has assigned aspects of the OMB Circular A-133 review process to different agencies to ensure audit findings are dealt with promptly, the six-month period should be calculated from the date the SCO receives a final OMB Circular A-133 report from the local government.

By early February 2009, Housing had received copies of nine OMB Circular A-133 audit reports, which were due March 31, 2008, from cities or counties that included findings requiring Housing to issue a management decision. On average, these reports were certified seven months after the SCO received them. Specifically, Housing received seven of these nine audits more than six months after the State initially received the audit, and it received the other two 47 days and 114 days, respectively, before the six-month deadline. As of February 19, 2009, the nine reports had been in Housing's possession for an average of nearly two months, and it had not yet issued any management decisions. The additional delay occurred at Housing because the audit division staff member responsible for processing the OMB Circular A-133 audit reports was on extended leave when Housing received the reports from the SCO. According to the manager of Housing's Internal Audits Division, his unit did not have written procedures to address the situation when the staff member who was responsible for OMB Circular A-133 audit follow-up was not available. Further, he confirmed that no one else in the Internal Audits Division had access to the audit report tracking system and, thus, Housing was unable to input information into the system to then pass on to the HOME and CDBG programs.

Once the Internal Audits Division staff process the information, they prepare a memo regarding the audit findings applicable to the HOME or CDBG program and send the memos to the HOME and CDBG section chiefs. According to the project managers of the HOME and CDBG programs, as of January 2009 their units had received most of the OMB Circular A-133 audit information from Housing's audit division and were working with subrecipients to resolve the audit findings. The program manager for the CDBG program also noted that, for our testing period, Housing did not have written procedures detailing what program staff should do to resolve the audit findings and program staff were acting based on verbal instructions from the previous program manager.

Following our discussion with Housing regarding the delays in processing the SCO audit information, Housing's audit division developed written procedures regarding the audit division's responsibilities and procedures for processing the OMB Circular A-133 audit report information from the SCO, including assigning someone as backup if the primary staff person responsible is not available.

In addition, the manager of the Internal Audits Division told us that Housing calculates the six-month period for the management decision from the date Housing receives copies of the certified audit report from the SCO rather than from the date the State first received the report. As a result, Housing did not issue a management decision related to findings identified for fiscal year 2006–07 within the required six-month time frame. By not performing these functions in a timely manner, Housing is unable to ensure that subrecipients have taken timely and appropriate corrective action on all audit findings.

Questioned Costs

Unknown

Recommendations

Housing should work with the SCO to ensure that it receives local government OMB Circular A-133 audits promptly, allowing it sufficient time to issue management decisions regarding audit findings. In addition, Housing should improve its policies and procedures to minimize the delay between when Housing receives the audit reports and when it provides the reports to program staff for resolution. The management decisions should be issued within six months of the date the State receives the report from the subrecipient.

Department's View and Corrective Action Plan

The OMB Circular A-133 audits are received by Housing, from the SCO via Housing's Audit Division, which distributes the audits to program staff for action. The Audit Division has a Single Audit Information System database and a Findings Tracking Excel spreadsheet that has been used for the last 15 years. The Audit Division has a process to track the date the OMB Circular A-133 audits are sent to program staff, track the date that findings are sent to recipients, and track the date findings are resolved. The condition that resulted in the Audit Division's untimely direction of the OMB Circular A-133 audits to program staff was that the key Audit Division staff person was not available to complete the task, and at that time, backup staff was neither identified nor trained to accomplish that responsibility. Since this issue was identified, backup staff have both been identified and trained. Further, the Audit Division's written procedures, entitled "Single Audit Desktop Procedures for Audit Division," were issued on February 25, 2009, and the backup staff was trained on these procedures on March 13, 2009. The Audit Division also will annually review the "Single Audit Desktop Procedures" and update it for applicable changes.

The HOME and CDBG program staff will work with Housing's Audit Division to ensure that delays in issuing management decisions regarding audit findings are minimized. To assist in this effort, the program staff has developed written procedures for routing and tracking the audit findings and has designated an OMB Circular A-133 audit-finding coordinator to expeditiously address the resolution of any findings. Housing will also work with the SCO. However, to the degree OMB Circular A-133 audits continue to be received from the SCO without sufficient time for Housing to process them within the required time limitation, Housing's process improvements alone cannot fully address the timeliness problems identified by the Bureau of State Audits.

Reference Number: 2008-13-32

Federal Catalog Number: 14.239

Federal Program Title:	HOME Investment Partnerships Program (HOME Program)
Federal Award Number and Year:	M07-SG-06-0100; 2007
Category of Finding:	Subrecipient Monitoring; Special Tests and Provisions
State Administering Department:	Department of Housing and Community Development (Housing)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

TITLE 24—HOUSING AND URBAN DEVELOPMENT, PART 92—HOME INVESTMENT PARTNERSHIPS PROGRAM, Subpart K—Program Administration, Section 92.504—Participating Jurisdiction Responsibilities; Written Agreements; On-Site Inspection.

- (d) On site inspections—
 - (1) HOME assisted rental housing. During the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of section 92.251 and to verify the information submitted by the owners in accordance with the requirements of section 92.252 no less than: every three years for projects containing 1 to 4 units; every two years for projects containing 5 to 25 units; and every year for projects containing 26 or more units. Inspections must be based on a sufficient sample of units.

Condition

Housing did not consistently meet its subrecipient monitoring responsibilities related to conducting inspections of rental projects for compliance with housing quality standards. In August 2008 the U.S. Department of Housing and Urban Development (HUD) conducted an on-site programmatic review of Housing's HOME Program and found that Housing was falling behind in meeting its long-term monitoring requirements and was accumulating a backlog of monitoring reviews.

A HOME Program manager (program manager) told us that, with respect to the Community Housing Development Organization (CHDO) projects, Housing is the lender and the participating jurisdiction, which requires it to conduct the inspections of rental projects for compliance with housing quality standards. Further, because the CHDO is the owner of the project, there would be a conflict of interest if CHDOs inspected their own projects. According to the program manager, Housing conducts these inspections of the housing quality of CHDO rentals as part of its long-term monitoring site visits.

Similar to HUD's concern, we found that Housing did not consistently conduct site visit reviews and rental housing inspections of CHDO projects in accordance with its monitoring policies. Specifically, for three of the four CHDO projects we reviewed, Housing did not conduct the site visits that were due during fiscal year 2007–08. According to the program manager, these site visits were not conducted because of staffing and resource issues. She told us that to address this, Housing recently hired new staff and is currently working to become compliant with the long-term monitoring site visit requirements.

Without consistently following its own procedures regarding subrecipient monitoring, Housing cannot demonstrate that it met its federal monitoring responsibilities, including inspections of rental projects for compliance with housing quality standards.

Questioned Costs

Unknown

Recommendation

Housing should ensure that it complies with its long-term monitoring policies and federal monitoring responsibilities.

Department's View and Corrective Action Plan

Housing stated that, in December 2008, it doubled its HOME long-term monitoring staffing from three to six full-time employees. As a result, site monitoring visits for 18 CHDO projects have already been conducted.

Housing also stated that it will conduct all of the required on-site monitoring visits for CHDO projects by the end of fiscal year 2009–10 (June 30, 2010); for the first cycle, all projects must be monitored. Thereafter, Housing is required to monitor only large projects annually and small projects either every two or three years. Thereafter, Housing will conduct all required site visits every year.

U.S. DEPARTMENT OF JUSTICE

Reference Number:	2008-1-8
Federal Catalog Number:	16.606
Federal Program Title:	State Criminal Alien Assistance Program (SCAAP)
Federal Award Numbers and Year:	2007-AP-BX-0762; 2007 2008-AP-BX-0186; 2007
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Corrections and Rehabilitation (Corrections)

Criteria

TITLE 8—ALIENS AND NATIONALITY, CHAPTER 12—IMMIGRATION AND NATIONALITY, SUBCHAPTER II—IMMIGRATION, Part IV—Inspection, Apprehension, Examination, Exclusion, and Removal

- (i)(3) For purposes of this subsection, the term “undocumented criminal alien” means an alien who—
 - (B)(i) entered the United States without inspection or at any time or place other than as designated by the Attorney General;
 - (ii) was the subject of exclusion or deportation proceedings at the time he or she was taken into custody by the State or a political subdivision of the State; or
 - (iii) was admitted as a nonimmigrant and at the time he or she was taken into custody by the State or a political subdivision of the State has failed to maintain the nonimmigrant status in which the alien was admitted or to which it was changed under section 1258 of this title, or to comply with the conditions of any such status.

Condition

Corrections submitted ineligible inmates in its fiscal year 2007 SCAAP application. Specifically, in a sample of 35 records from the SCAAP inmate data file, we found five records for inmates who were U.S. citizens, naturalized U.S. citizens, or not deportable due to immigration status. Corrections stated that the federal government is responsible through due diligence to determine and ensure inmate immigration status. While fiscal year 2007 SCAAP Guidelines state that “[t]he U.S. Department of Homeland Security will make the final determination on the status of submitted inmate records for undocumented alien purposes,” the guidelines also state that applicants may submit records for inmates who “[w]ere born outside the United States or one of its territories and had no reported or documented claim to U.S. citizenship.” In addition, the guidelines state “. . . the inmate file reflects the jurisdiction’s good faith and due diligence efforts to identify and list undocumented criminal aliens housed in its correctional facilities.” Corrections certified on the SCAAP application that it used due diligence and that it did not include ineligible inmates in its SCAAP application.

The process Corrections uses to compile the inmate data file may inappropriately include ineligible inmates. Specifically, the program Corrections utilizes to extract data from its databases may inappropriately change the birthplace from a U.S. state or territory to a foreign country for certain inmates. In addition, the program Corrections uses may inappropriately change the birthplace to “unknown” when an inmate is identified as both born in the U.S. or one of its territories and as being held by Corrections for U.S. Immigration and Customs Enforcement. Corrections stated that it does not have access to citizenship information and that it assumes all foreign-born inmates are not U.S. citizens. By making this assumption, and by making changes to birthplaces without verifying the changes are correct, Corrections risks reporting ineligible inmates in the SCAAP application.

Finally, during data accuracy testing we identified several records in the inmate data file containing information that differed from the inmates' records. Of the 43,698 cases Corrections submitted in the fiscal year 2007 SCAAP application, we randomly sampled 35 inmate records and found one or more exceptions in nine cases. We found five cases in which the alien number in the inmate data file did not correspond to the inmate records. According to Corrections, a programming problem caused four of the errors, which it stated it remedied for the next year's application. For another case, Corrections stated that the alien number in the inmate data file was related to the inmate's prior Corrections identification number but could not provide documentation for this statement. We also found three cases in which the foreign country of birth field in the inmate data file did not correspond to the inmate records. Two were data entry errors, and one may have been caused by one of the programming issues we previously discussed. Finally, in two cases we were unable to verify whether Corrections accurately submitted the foreign country of birth in the data file due to conflicting documentation in the inmate records.

Questioned Costs

Not applicable.

Recommendation

Corrections should seek guidance from the federal government to ensure it practices due diligence in its SCAAP application and, as necessary, develops procedures to ensure it does so.

Department's View and Corrective Action Plan

Corrections is pleased to submit this letter in response to the Bureau of State Audits' (BSA) federal compliance audit of the State Criminal Alien Assistance Program (SCAAP) for the 2007–08 state fiscal year. We appreciate your recommendation to seek guidance from the federal government to ensure we practice due diligence in our SCAAP application. In fact, we have already contacted the federal government to solicit such feedback.

- ① Indeed, we are confident that Corrections is already acting with due diligence. The purpose of the SCAAP application is to seek funding from the federal government for state costs incurred as a result of incarcerating undocumented criminal aliens. To receive such funding, Corrections submits records of foreign-born persons in our custody to the United States Immigration and Customs Enforcement agency. During the audit period, Corrections submitted 43,698 records as part of its SCAAP application. Each of those 43,698 records is compiled from a lengthy Corrections central file that contains, in some cases, information dating back over 20 years. Obviously, when dealing with such voluminous files, there are bound to be instances of conflicting information regarding the subject's country of birth. This is especially true when one considers that these files mostly pertain to foreign-born criminals—persons who typically frustrate accurate record-keeping if not falsify it altogether. Since the federal government, not the state, is the ultimate keeper of records pertaining to national origin, Corrections includes in its SCAAP application records for which there may be conflicting information so long as we have a good-faith belief to support our submission.

- ② In fact, some of the examples cited by the BSA demonstrate the reasonableness of our approach.
- ③ For example, the BSA faults Corrections for including in our request for federal funding five records for ineligible persons, but in three of those records the federal government itself provided the State with information identifying those subjects for possible deportation. In the other two cases, Corrections had information in our files indicating a foreign place of birth. While subsequent investigation by the federal government may have ultimately revealed these persons to be United States citizens or otherwise ineligible for SCAAP funding, that does not change the propriety of Corrections' including such persons in our SCAAP application for the federal government's ultimate review and determination.

The same is true for the two examples cited by the BSA as “data-entry errors.” In one case Corrections received conflicting information from the California Department of Justice regarding the subject’s birthplace and in the other case Corrections received information from the federal government indicating that the subject was an alien. Even when such information conflicts with other information in our records, Corrections includes such records so that they can be presented to the federal government for their ultimate determination regarding eligibility. That the BSA was itself unable to resolve conflicting information in two other cases only underscores the difficulty of Corrections’ task as it tries in good faith to determine eligibility from evidence that is at times contradictory. And, again, in both of these latter two cases the federal government had provided information to Corrections indicating that each of the two persons was an alien. Surely Corrections would be faulted were it not to seek alien assistance funding from the federal government for persons whom the federal government itself had previously declared to be aliens.

④

Of course, the audit did reveal some errors, including errors that were the result of a computer program employed by Corrections. That computer program was fixed in March 2008. But more importantly, Corrections does not believe that such errors negate our due diligence in the submission of our SCAAP application. We have used our best efforts in good faith to determine SCAAP eligibility, and we will continue to work with the federal government to find ways to improve our process for doing so.

Corrections would like to thank the BSA for this report. We welcome your input and look forward to your future efforts to ensure our compliance with federal guidelines.

Auditor’s Comments on Department’s View

- ① The BSA disagrees with Corrections’ assessment of its due diligence. SCAAP guidelines state that applicants may submit records for inmates who “[w]ere born outside the United States or one of its territories and had no reported or documented claim to U.S. citizenship.” As we point out, although Corrections certified on the SCAAP application that it exercised due diligence to ensure it did not include ineligible inmates, we found that Corrections included ineligible inmates in its application.
- ② Corrections provided the BSA with an explanation of the federal data-vetting process, and we acknowledge that the process is thorough. However, until Corrections engages in a dialogue with the federal government to determine if the federal government concurs with its practice to include all foreign-born inmates, even when Corrections has documentation stating that the inmate is not deportable due to citizenship or other reasons, the BSA stands by its conclusion that Corrections is not in compliance with the SCAAP guidelines.
- ③ In four of the five cases, the BSA was able to locate documentation in the inmates’ records showing that the federal government had conducted immigration investigations on the inmates. According to the investigation notices, the federal government assigned alien numbers to three of these inmates. However, in all four cases, the investigation results clearly state that the inmates are not deportable and were dated well before the date of the SCAAP application. In the fifth case, early documentation states that the inmate was born in Mexico. More recent information from the federal government, however, shows that the inmate was born in California.
- ④ The two data entry errors the BSA found were not due to conflicting documentation in the inmate records. For the two cases, Corrections informed us that the discrepancies between the inmates’ records and the SCAAP data file were a result of differences in “place of birth” codes. Specifically, Corrections entered the inmate place of birth pursuant to the California Department of Justice code, but the code represented a different country within Corrections’ data system.

U.S. DEPARTMENT OF LABOR

Reference Number:	2008-1-5
Federal Catalog Number:	17.245
Federal Program Title:	Trade Adjustment Assistance (TAA)
Federal Award Numbers and Year:	TA-16788-08-55-A-6; 2008 UI-16735-08-88-A-6; 2008
Category of Finding:	Activities Allowed/Allowable Costs; Eligibility
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 20—EMPLOYEES’ BENEFITS, PART 617—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS UNDER THE TRADE ACT OF 1974, Subpart C—Reemployment Services, Section 617.22—Approval of Training

- (a) Conditions for approval. Training shall be approved for an adversely affected worker if the State agency determines that:
- (1) There is no suitable employment (which may include technical and professional employment) available for an adversely affected worker.
 - (2) The worker would benefit from appropriate training.
 - (3) There is a reasonable expectation of employment following completion of such training.
 - (4) Training approved by the Secretary is reasonably available to the worker from either governmental agencies or private sources (which may include area vocational technical education schools, as defined in the Carl D. Perkins Vocational and Applied Technology Education Act, and employers).
 - (5) The worker is qualified to undertake and complete such training.
 - (6) Such training is suitable for the worker and available at a reasonable cost.

Condition

In our prior year’s audit, we reported that EDD lacked adequate controls to ensure that its field offices made appropriate eligibility determinations for the TAA program. We reported that the State Trade Act Coordinator (coordinator) conducted quarterly desk reviews of files sent to him by field offices despite a 2006 report by the U.S. Department of Labor (Federal Labor) recommending that the coordinator conduct on-site monitoring and randomly select files to review. Additionally, we reported that EDD field offices lacked the information necessary to determine how to document the six conditions of training approval on the Trade Adjustment Assistance Training Plan (DE8751).

Our follow-up procedures began with inquiring whether or not the coordinator was conducting on-site monitoring and randomly selecting files to review and whether EDD developed policies and procedures specifying what documents should support each of the six training conditions in the Training Plan. EDD asserted to us that it has not made the necessary changes to its monitoring plans or its policies and procedures for documenting training conditions in fiscal year 2007–08.

According to the Audit and Evaluation Division chief, EDD made policy and procedure changes, but the changes were not implemented in fiscal year 2007–08. The chief anticipates that the changes will be implemented during calendar year 2009. EDD revised its TAA Training Plan, DE8751, which will serve

as a control document and when completed correctly will provide justification for TAA eligibility. In addition, EDD will implement a revised monitoring system that will combine both onsite monitoring and document reviews.

Questioned Costs

Unknown

Recommendations

EDD should improve its internal controls related to the TAA program. Specifically, EDD should conduct quarterly on-site reviews of randomly selected participant files, as recommended by Federal Labor. Additionally, EDD should develop policies and procedures specifying what documents should support each of the six conditions for training approval and include a checklist in the *Trade Act Manual*.

Department’s View and Corrective Action Plan

EDD stated that it revised and published the TAA Training Plan, DE8751, in October 2008. The Training Plan serves as a control document. When completed correctly, the Training Plan provides justification for TAA eligibility. The procedures for the revised DE 8751 and a TAA Procedural Checklist were published on the TAA Team Site in SharePoint (the EDD’s Intranet) in October 2008. The TAA Team Site can be updated on a daily basis and allows TAA field specialists day-to-day access to current program policies and procedures. This helps ensure compliance with current program regulations until the Trade Act Manual is updated.

EDD also stated that it has procedures in place to randomly monitor TAA document files on a quarterly basis by TAA program staff in EDD’s Central Office. The EDD’s Workforce Services Branch is coordinating with the Compliance and Review Division to develop onsite document monitoring one quarter of every year.

Reference Number:	2008-2-8
Federal Catalog Number:	17.503
Federal Program Title:	Occupational Safety and Health—State Program
Federal Award Numbers and Years:	60F8-0900; 2008 60F7-0900; 2007
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Industrial Relations (Industrial Relations)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87)

Appendix B to Part 225—Selected Items of Cost

- 8. Compensation for personal services
 - h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Condition

In our prior-year audit, we reported that Industrial Relations lacked adequate controls to ensure that the personal services costs it charged to the California Occupational Safety and Health program (program) are allowable. Specifically, Industrial Relations did not require employees who were expected to work solely on the program to complete required certifications and did not ensure that a responsible official approved the employees' Absence and Additional Time Worked Report.

During our follow-up procedures for fiscal year 2007–08, we found that Industrial Relations implemented the recommendation related to ensuring a responsible party approved the employees' Absence and Additional Time Worked Reports. However, we also found that Industrial Relations had not yet implemented the recommendation related to ensuring it prepares semiannual certifications for its employees who work solely on that program. Industrial Relations stated that it plans to implement procedures to conduct periodic certifications for employees who worked solely on federal grants and who do not submit daily time sheets during fiscal year 2008–09. Specifically, Industrial Relations stated that the first certification will occur at the end of March 2009, and the second certification would occur at the end of September 2009. Industrial Relations also stated that it would use this procedure in subsequent years. Until Industrial Relations implements this procedure, the awarding federal agency has less assurance that the personal services costs charged to the program were valid.

Questioned Costs

Unknown

Recommendation

Industrial Relations should implement its procedures for ensuring that it conducts semiannual certifications for its employees who work solely on that program.

Department's View and Corrective Action Plan

Industrial Relations stated that it agrees with the finding and will start the semiannual certifications by March 31, 2009.

Reference Number:	2008-3-12
Federal Catalog Number:	17.503
Federal Program Title:	Occupational Safety and Health—State Program
Federal Award Numbers and Years:	60F8-0090; 2008 60F7-0090; 2007
Category of Finding:	Cash Management

State Administering Department: Department of Industrial Relations
(Industrial Relations)

Criteria

TITLE 29—LABOR, PART 97—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 97.21—Payment

- (d) Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) are not met.

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Section 205.2—What Definitions Apply to This Part?

Pay out funds for Federal Assistance Program Purposes means, in the context of State payments, to debit a State account for the purpose of making a payment to:

- (1) A person or entity that is not considered part of the State pursuant to the definition of “State” in this section; or
- (2) A State entity that provides goods or services for the direct benefit or use of the payor State entity or the Federal government to further Federal assistance program goals.

Condition

In our prior-year audit, we reported that Industrial Relations indicated that it used the reimbursement method to obtain federal funds for the California Occupational Safety and Health Program (program). However, based on the monthly drawdowns reviewed, Industrial Relations requested amounts exceeding the actual amounts spent. Furthermore, Industrial Relations obtained two advance payments but had no documentation to indicate that the advances had been approved by the awarding federal agency. Finally, we reported that Industrial Relations’ use of two separate accounting reports to determine monthly expenditures contributed to the discrepancies between the amounts requested and the actual amounts spent. By deviating from cash-management regulations, Industrial Relations risks being financially penalized by its federal oversight agency.

During our follow-up procedures for fiscal year 2007–08, we found that Industrial Relations partially corrected this finding. Specifically, for the two drawdowns we tested, Industrial Relations did not exceed its expenditures for the month. Further, Industrial Relations stated it discontinued using the second accounting report to determine its monthly expenditures in October 2007. However, although Industrial Relations asserted that it obtained verbal approval from the U.S. Department of Labor, it did not obtain written federal authorization for an advance payment of \$1 million in October 2007. Industrial Relations stated that it did not correct this finding until August 2008 and that in the future it would request federal approval if advances were necessary.

Questioned Costs

Not applicable.

Recommendation

If Industrial Relations finds that it needs an advance of funds, it should obtain written authorization prior to doing so and then follow appropriate procedures to reconcile the advance to actual expenditures incurred during that period.

Department's View and Corrective Action Plan

Industrial Relations stated that it agrees with the finding. It also stated that if an advance is needed, a Request for Advance or Reimbursement must first be submitted to the federal Department of Health and Human Services Division for approval before any drawdown is made. In addition, Industrial Relations stated that it will maintain proper documentation that shows the reconciliation of the advance with the actual expenditures for the period.

Reference Number:	2008-8-10
Federal Catalog Number:	17.503
Federal Program Title:	Occupational Safety and Health—State Program
Federal Award Numbers and Years:	60F8-0090; 2008 60F7-0090; 2007
Category of Finding:	Period of Availability
State Administering Department:	Department of Industrial Relations (Industrial Relations)

Criteria

TITLE 29—LABOR, PART 97—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 97.23—Period of Availability of Funds

- (a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.
- (b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee.

TITLE 29—LABOR, PART 97—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart A—General, Section 97.3, Definitions

Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

Condition

In our prior-year audit, we reported that Industrial Relations lacked adequate controls to ensure that it liquidated all obligations incurred not later than 90 days after the end of the funding period. The funding period of the federal awards used to partially fund the California Occupational Safety and Health program (program) is from October 1 of one year to September 30 of the next year. Although federal regulations require all obligations be liquidated by December 31 (90 days after the end of the funding period), Industrial Relations liquidated more than \$140,000 in program obligations

from the 2006 federal award after December 31, 2006. It also liquidated roughly \$5,000 in program obligations associated with the 2005 federal award during state fiscal year 2006–07, all of which were out of the period of availability for those funds.

During our follow-up procedures for fiscal year 2007–08, we found that Industrial Relations had partially corrected this finding. Specifically, we reviewed the Purchasing Authority Purchase Orders (purchase orders) for three of the 13 obligations associated with the 2007 federal award that were issued during August 2007 and September 2007. We found that Industrial Relations did not place the actual order for the items shown on one purchase order until October 10, 2007. Thus, a valid obligation did not exist during the funding period. Also, while performing our procedures, we also noted one transaction associated with its 2007 federal grant that Industrial Relations liquidated in April 2008, after the December 31, 2007 deadline. Thus, as previously reported, it appears that Industrial Relations is not in compliance with federal regulations regarding the period of availability.

Questioned Costs

Obligations of \$4,042.79 for federal fiscal year 2007 that were not based on a valid order placed during the funding period.

Obligations of \$10.42 for federal fiscal year 2007 paid after December 31, 2007.

Recommendation

Industrial Relations must establish procedures to ensure that it only charges to the award costs resulting from valid obligations of the funding period and that it liquidates these obligations not later than 90 days after the end of the funding period.

Department’s View and Corrective Action Plan

Industrial Relations stated that it agrees with the finding and will adhere to the established procedures to comply with federal requirements. Industrial Relations also stated that it will continue monitoring expenditures to ensure that only valid obligations are charged to the award costs for the proper funding period. In addition, Industrial Relations stated that it will ensure that all obligations are liquidated within 90 days from the end of the funding period.

Reference Number:	2008-9-1
Federal Catalog Numbers:	17.207; 17.801; 17.804
Federal Program Titles:	Wagner-Peyser Act; Disabled Veterans’ Outreach Program (DVOP); Local Veterans’ Employment Representative Program (LVER)
Federal Award Numbers and Year:	ES-16207-07-55-A-6; 2007 E-9-5-8-5085; 2007
Category of Finding:	Procurement, Suspension and Debarment
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 29—LABOR, PART 98—GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT), Subpart B—Covered Transactions, Section 98.220—Are Any Procurement Contracts Included as Covered Transactions?

- (b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:
 - (1) The contract is awarded by a participant in a nonprocurement transaction that is covered under Section 98.210, and the amount of the contract is expected to equal or exceed \$25,000.

TITLE 29—LABOR, PART 98—GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT), Subpart C—Responsibilities of Participants Regarding Transactions, Doing Business With Other Persons, Section 98.300—What Must I Do Before I Enter Into a Covered Transaction With Another Person at the Next Lower Tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- a) Checking the Excluded Parties List System (EPLS); or
- b) Collecting a certification from that person if allowed by this rule; or
- c) Adding a clause or condition to the covered transaction with that person.

Condition

EDD does not have adequate policies or procedures in place to comply with federal suspension and debarment requirements. Although EDD does ensure that service contracts over \$25,000 include a suspension and debarment certification, it does not obtain such certification for the purchase of goods over \$25,000. Additionally, EDD does not check the EPLS to verify that entities it purchases goods from are not suspended or debarred.

We reviewed 13 covered transactions, including six for the purchase of goods over \$25,000. For four of these six purchases, EDD did not include a suspension and debarment certificate as required. The remaining two purchases contained the required certification; however, the Department of General Services conducted these procurements, not EDD. Additionally, EDD did not verify through the EPLS that the vendors supplying the purchased goods were not suspended or debarred. We reviewed the EPLS for the four vendors and noted that they were not in the database. According to EDD's chief, Office of Procurement, Contracting and Administration, EDD did not require suspension and debarment certifications or consult the EPLS prior to issuing contracts for goods purchases over \$25,000 because they were not aware of this federal requirement.

By not obtaining suspension and debarment certifications or performing an independent check on the EPLS, EDD runs the risk of entering into a covered transaction with a party that is excluded from doing business with the federal government.

Questioned Costs

Not applicable.

Recommendation

EDD should establish policies and procedures to ensure that it is performing the required verifications for suspension and debarment when making goods purchases equal to or more than \$25,000.

Department's View and Corrective Action Plan

The EDD agrees that it currently administers procurements subject to Title 29—Labor, Part 98—Government wide Debarment and Suspension Procedures (Nonprocurement), Subpart B—Covered transactions, Section 98.220. The EDD further agrees that it did not require suspension and debarment certifications or consult the Excluded Parties List System (EPLS) prior to issuing contracts for goods purchases over \$25,000 because they were not aware of the requirement.

To come into compliance with this requirement, the EDD has implemented suspension and debarment procedures for goods purchases that fall into the above-noted category on Friday, February 13, 2009, through verbal instructions to buyers within the EDD. The EDD's desk procedures will be updated to reflect this requirement within 30 days. The EDD buyers are required to adhere to the following:

- a. Query the EPLS for the proposed vendor's company.
- b. If there is no record of the vendor, print out the findings and file a copy in the official procurement file and the procurement may be awarded to the proposed vendor.
- c. If there is a record of the vendor, print out the findings and file a copy in the official procurement file, and the procurement will not be awarded to the proposed vendor.

In addition, because the dollar amount of these purchases exceed a buyers signature authority, compliance with the requirements will be verified by management staff who have been informed of the new requirement regarding suspension and debarment of purchases from vendors of items over \$25,000.

Reference Number:	2008-12-9
Federal Catalog Numbers:	17.801; 17.804
Federal Program Titles:	Disabled Veterans' Outreach Program (DVOP); Local Veterans' Employment Representative (LVER)
Federal Award Number and Year:	E-9-5-7-5085; 2007
Category of Finding:	Reporting
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 29—LABOR, PART 97—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 97.20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant.

VETERANS PROGRAM LETTER NO. 02-06, Subject: Jobs for Veterans State Grant Reporting

V. Summary of Changes:

- All expenditures for LVER Activities, TAP, Incentive Awards and LVER Special Initiatives will be reported on the LVER SF 269A report;
- All expenditures for DVOP Activities and DVOP Special Initiatives will be reported on the DVOP SF 269A.

Condition

Our review of two SF 269A reports EDD submitted to the U.S. Department of Labor (Federal Labor) revealed errors in calculating indirect costs for the DVOP and LVER programs.

In the DVOP's final SF 269A report for federal fiscal year 2007, EDD reported \$1,810,983 in indirect costs for the program. However, using the methodology described by an EDD budget analyst, we calculated indirect costs to be \$1,829,990, a difference of \$19,007. In the LVER program's final SF 269A report for federal fiscal year 2007, EDD reported \$1,813,140 of indirect costs and we calculated \$1,825,519, a difference of \$12,379.

EDD's budget analyst confirmed our figures and stated that the miscalculations occurred as the result of an error in a spreadsheet formula whereby special initiative costs were not subtracted as necessary. The analyst also stated that EDD had not yet put in place procedures for the reviewing analyst to follow. However, that analyst added that EDD has since updated its procedures for calculating indirect costs and reviewing the SF 269A reports. EDD made Federal Labor aware of these errors, and it did not require EDD to take any action.

Questioned Costs

Not applicable.

Recommendation

EDD should ensure that the written procedures describing its process for preparing, reviewing, and approving the SF 269A report are adhered to.

Department's View and Corrective Action Plan

The Bureau of State Audits' finding is correct in that the amounts for the indirect costs were underreported in the federal fiscal year (FFY) 2007 final Financial Status Report, Standard Form (SF) 269A. However, to clarify the nature of the finding, it is important to note that the total costs reported to the Department of Labor (Federal Labor) for the DVOP and LVER programs were correct. The SF-269A categorizes the total costs into two subsets:

Direct charges and indirect charges. For FFY 2007, the indirect charges were underreported, but the amount underreported in the indirect charges category was reported in the direct charges category. Additionally, when the Employment Development Department (EDD) discovered that a portion of the costs reported as direct charges should have been reported as indirect charges, the EDD asked the Director of Veterans' Employment and Training (DVET) if a corrected report was needed. The DVET advised EDD that an amended report was not necessary.

As additional clarification, the EDD, as of April 1, 2008, created written procedures to assist it to accurately complete the Expenditure Detail Report and the SF-269A. In addition to creating procedures for calculating direct and indirect cost for inclusion into the SF 269A report, the EDD has expanded the procedures to include such items as the description of the Veterans Quarterly Report; the components of the Veterans Quarterly Report (which includes the SF 269A); and collecting expenditure data.

The procedures will be updated on an as-needed basis to incorporate any changes to the SF 269A process, as mandated by Federal Labor.

In closing, it is the Employment Development Department's view that, although the current finding is being classified as a repeat finding, it should be noted that the finding was based on an SF-269A report that was completed prior to the 2007-12-11 audit finding being announced. As of April 1, 2008, approximately a month after the 2007-12-11 audit finding was announced, the EDD has place procedures detailing the steps necessary to complete the SF-269A documents accurately.

Auditor’s Comments on Department’s View

As stated in the Condition, our concern was not with total costs but with the appropriate classification of costs. As we note in the Criteria section, a state must expend and account for grant funds in accordance with state laws and procedures for expending and accounting for its own funds. This includes the proper classification of direct and indirect costs. Therefore, we stand by our finding.

Regardless of when we notified EDD of the prior year’s finding, it is still EDD’s responsibility to comply with all criteria related to the reporting of DVOP and LVER expenditures. In this case, EDD did not review prior reports for the type of error we brought to its attention.

Reference Number:	2008-12-10
Federal Catalog Number:	17.245
Federal Program Title:	Trade Adjustment Assistance (TAA)
Federal Award Numbers and Year:	TA-16788-08-55-A-6; 2008 UI-16735-08-88-A-6; 2008
Category of Finding:	Reporting
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 20—EMPLOYEES’ BENEFITS, PART 617—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS UNDER THE TRADE ACT OF 1974, Subpart B—Trade Readjustment Allowances (TRA), Section 617.19—Requirement for Participation in Training

- (d) Recordkeeping and reporting.
 - (1) State agencies must develop procedures for compiling and reporting on the number of waivers issued and revoked, by reason, as specified in paragraphs (b) and (c) of this section, and report such data to the Department of Labor as requested by the Department.

TITLE 20—EMPLOYEES’ BENEFITS, PART 617—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS UNDER THE TRADE ACT OF 1974, Subpart G—Administration by Applicable State Agencies, Section 617.57—Recordkeeping; Disclosure of Information

- (a) Recordkeeping.

Each State agency will make and maintain records pertaining to the administration of the Act as the Secretary requires and will make all such records available for inspection, examination and audit by such Federal officials as the Secretary may designate or as may be required by law. Such recordkeeping will be adequate to support the reporting of TAA activity on reporting form ETA 563 approved under OMB control number 1205-0016.

TITLE 20—EMPLOYEES’ BENEFITS, PART 617—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS UNDER THE TRADE ACT OF 1974, Subpart G—Administration by Applicable State Agencies, Section 617.61—Information, Reports, and Studies

A State agency shall furnish to the Secretary such information and reports and conduct such studies as the Secretary determines are necessary or appropriate for carrying out the purposes of the Act and this part 617.

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 23-06, Subject: Instructions for Implementing the Revised ETA-563 Trade Adjustment Assistance (TAA) Quarterly Activities Report

5. Action Required: State Administrators are required to provide the above information to appropriate staff. State Trade Act Coordinators (or the individuals assigned responsibility for submitting reports) are required to prepare and submit quarterly reports according to the instructions attached to this advisory [TEGL 23-06].

Condition

In our prior year's audit, we reported that EDD lacked controls to ensure the accuracy of the data in the ETA-563 report that it submits to the U.S. Department of Labor (Federal Labor). We found that the ETA-563 report EDD submitted to Federal Labor for the quarter ending June 30, 2007, was not in compliance with Federal Labor's instructions for reporting training costs and participants, that EDD could not demonstrate the accuracy and completeness of the information it received from its field offices, and that EDD underreported the number of training waivers issued because of an error in summarizing data from its Unemployment Insurance Division's Special Claims Office.

Our follow-up procedures related to confirming whether EDD established controls that include supervisory review and approval of the data contained in the ETA-563 report it submits to Federal Labor revealed that EDD still does not have necessary controls in place. EDD told us that it has not fully implemented its corrective action plan.

According to the Audit and Evaluation Division chief, EDD is consolidating various data elements in its job training automation system to help ensure data reporting accuracy. The chief expects EDD to complete the consolidation's technical specifications by January 2009 and make its first report using consolidated data on August 15, 2009. The chief also asserted that the number of TAA participants is being reported in full to Federal Labor and that procedures are in place to separately count and sum training waivers.

Questioned Costs

Not applicable.

Recommendation

EDD should review Federal Labor's instructions for completing the ETA-563 report and establish controls that include, at a minimum, supervisory review and approval of the data contained in the ETA-563 report it submits to Federal Labor.

Department's View and Corrective Action Plan

EDD stated that it is in the process of consolidating the ETA-563 report into its job training automation system. The consolidation of the ETA-563 report is scheduled to be completed within the first/second calendar quarters of 2009. The consolidation allows a cross check with EDD's Fiscal Program Division's TAA ETA-9130 report to ensure data is accurately captured for both reports.

After the consolidation is complete, the Workforce Services Branch of EDD will be responsible for producing the ETA-563 report and will submit their first report to Federal Labor in August 2009.

Reference Number:	2008-12-11
Federal Catalog Number:	17.245
Federal Program Title:	Trade Adjustment Assistance (TAA)
Federal Award Numbers and Year:	TA-16788-08-55-A-6; 2008 UI-16735-08-88-A-6; 2008
Category of Finding:	Reporting
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 20—EMPLOYEES’ BENEFITS, PART 617—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS UNDER THE TRADE ACT OF 1974, Subpart G—Administration by Applicable State Agencies, Section 617.61—Information, Reports, and Studies

A State agency shall furnish to the Secretary such information and reports and conduct such studies as the Secretary determines are necessary or appropriate for carrying out the purposes of the Act and this part 617.

EMPLOYMENT AND TRAINING ADMINISTRATION, OMB Control Number 1205-0392, Trade Act Participant Report (TAPR): General Reporting Instructions and Specifications, Revised 2006

1. GENERAL INSTRUCTIONS

States are required to maintain standardized individual records containing characteristics, activities and outcomes information for all individuals who receive services or benefits financially assisted by the Trade Adjustment Assistance (TAA) program (Trade Adjustment Assistance Reform Act of 2002 (P.L. 107-210) 20 CFR 617.57 and 617.61).

These individual records are collectively known as the Trade Act Participant Report (TAPR).

Condition

In our prior year’s audit, we reported that EDD’s TAPR for the first calendar quarter of 2007 contained errors. Specifically, we found that the TAPR included information on participants who exited the program in the fourth calendar quarter of 2005, that wage data for the “first quarter following exit” line item for one participant was underreported by \$4,500, and the TAPR included instances where participants who had wages were reported as not having wages in the “third quarter following exit” line item.

Our follow-up procedures related to confirming whether EDD established adequate controls to ensure that it uses the appropriate data to prepare the TAPR. Based on information EDD provided, the problem was not corrected during fiscal year 2007–08, the year we were auditing.

According to the Audit and Evaluation Division chief, EDD consolidated all TAA performance data into its job training automation system as of July 1, 2008. The chief asserted that EDD will begin using the new reporting system when it prepares the July through September 2008 TAPR report.

Questioned Costs

Not applicable.

Recommendation

EDD should ensure that it uses the appropriate data to prepare the TAPR.

Department's View and Corrective Action Plan

EDD stated that it consolidated all TAA performance data into its job training automation (JTA) system on July 1, 2008. As of that date, TAA field specialists enter all TAA data into one data source (JTA) instead of three data sources (as was done prior to July 1, 2008). The consolidation helps ensure the accuracy of the data captured for the quarterly TAPR report.

The Workforce Services Branch of EDD is now responsible for producing the TAPR report and will submit the October through December 2008 report to Federal Labor in February 2009.

Reference Number:	2008-12-12
Federal Catalog Number:	17.260
Federal Program Title:	WIA Dislocated Workers
Federal Award Number and Year:	AA-16017-07-55-A-6; 2007
Category of Finding:	Reporting
State Administering Department:	Employment Development Department (EDD)

Criteria

TITLE 29—LABOR, PART 97—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 97.20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—
- (1) Permit preparation of reports required by this part and the statutes authorizing the grant.

U.S. DEPARTMENT OF LABOR, ETA FINANCIAL REPORT INSTRUCTIONS—WORKFORCE INVESTMENT ACT—LOCAL DISLOCATED WORKER (DW)

Line 11c—Expenditure of DW funds transferred to Adult program

Enter the amount of DW funds expended on the Adult program. This entry should be included in 10e, Total Expenditures.

Condition

Our review of the Dislocated Workers ETA-9130 report (round 1) EDD submitted to the U.S. Department of Labor (Federal Labor) revealed that EDD did not report Dislocated Worker funds it transferred to the Workforce Investment Act (WIA) Adult Program.

In the Dislocated Workers final ETA-9130 (round 1) for state fiscal year 2007–08, EDD reported \$0.00 on the transfers to the WIA Adult Program line. However, using records obtained from EDD Financial Management Unit staff, we confirmed that \$785,243 of Dislocated Worker funds were transferred into the WIA Adult Program between October and November 2007.

A manager in the Financial Management Unit confirmed EDD’s error and stated that it occurred because data from the previous quarter’s report was not carried forward. After we brought this error to EDD’s attention, the manager contacted Federal Labor, and it noted the error in its records.

Questioned Costs

Not applicable.

Recommendation

EDD should ensure that all necessary information is carried forward from one financial report to the next.

Department’s View and Corrective Action Plan

EDD stated that, as noted in the Condition section of this document, the manager of the Financial Management Unit (FMU) has acknowledged omission of the \$785,243 transferred between the Workforce Investment Act Dislocated Worker and Adult programs. The FMU manager did contact the Department of Labor (DOL—Region VI) about the oversight and the DOL has noted the omission in their records. The corrective action plan is for the FMU manager to review subsequent reports closer to ensure the omission of such amounts does not occur.

Reference Number:	2008-12-14
Federal Catalog Number:	17.503
Federal Program Title:	Occupational Safety and Health—State Program
Federal Award Numbers and Years:	60F8-0090; 2008 60F7-0090; 2007
Category of Finding:	Reporting
State Administering Department:	Department of Industrial Relations (Industrial Relations)

Criteria

TITLE 29—LABOR, CHAPTER XVII—OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR, PART 1954—PROCEDURES FOR THE EVALUATION AND MONITORING OF APPROVED STATE, Subpart B—State Monitoring Reports and Visits to State Agencies, Section 1954.10—Reports From the State.

- (c) In addition to any other reports required by the Assistant Secretary under sections 18(c)(8) and 18(f) of the Act and 1902.3(1) of this chapter; the State shall submit quarterly and annual reports as part of the evaluation and monitoring of state programs.

Special provisions outlined in the federal award include a financial report with the following frequency:

F2. Financial Status Report (SF-269) is due in the Regional Office 30 days after the end of each Federal Fiscal Quarter. Recipients are to submit two signed originals of the report.

- (b) Close-out Reporting. All agreements must be closed 90 days after the end of the performance period (generally December 31). A copy of the Financial Status Report must accompany the recipient's close-out documents.

Condition

In our prior-year audit, we reported that Industrial Relations had submitted an inaccurate closeout report for the 2006 federal award associated with the California Occupational Safety and Health Program (program). Specifically, in its closeout report for the 2006 federal award, Industrial Relations reported it spent the entire fiscal year 2006 award of \$23.1 million and had no unliquidated obligations. However, based on data from its accounting records, Industrial Relations actually had \$360,000 in unliquidated obligations at the end of December 2006.

During our follow-up procedures for fiscal year 2007–08, we found that Industrial Relations has not fully corrected this finding. Specifically, on its 2007 federal fiscal year closeout report, Industrial Relations reported the federal share of net outlays as \$23 million, which was the total amount of its 2007 federal award. In the "Remarks" section of the report, Industrial Relations reported that it had nearly \$316,000 in obligations that were unliquidated and that would be paid fully with state funds. Industrial Relations was able to provide accounting records to support its total outlays, program income, and how it arrived at the nearly \$316,000 in unliquidated obligations. However, it did not provide accounting records to demonstrate that the unliquidated obligations were paid with state funds. Thus, we are unable to verify that federal funds were not used to pay for the unliquidated obligations and that Industrial Relations has provided accurate information to the U.S. Department of Labor regarding this issue.

Questioned Costs

Not applicable.

Recommendation

Industrial Relations should ensure that it retains adequate documentation to support the information it submits on its Financial Status Report with the appropriate accounting records.

Department's View and Corrective Action Plan

Industrial Relations stated that it agrees with the finding and will develop a report that will support the information that unliquidated obligations were paid with state funds.

Reference Number:	2008-13-16
Federal Catalog Numbers:	17.258, 17.259, 17.260
Federal Program Titles:	Workforce Investment Act (WIA) Adult Program, WIA Youth Activities, WIA Dislocated Workers
Federal Award Number and Year:	AA-16017-07-55-A-6; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Employment Development Department (EDD)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
 - (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

TITLE 20—EMPLOYEES' BENEFITS, PART 667—ADMINISTRATIVE PROVISIONS UNDER TITLE 1 OF THE WORKFORCE INVESTMENT ACT (WIA), Subpart D Oversight and Monitoring, Section 667.410—What Are the Oversight Roles and Responsibilities of Recipients and Subrecipients?

- (a) Roles and responsibilities for all recipients and subrecipients of funds under WIA title 1 in general. Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractor.
- (b) State roles and responsibilities for grants under WIA sections 127 and 132.
 - (1) The Governor is responsible for the development of the State monitoring system. The Governor must be able to demonstrate, through a monitoring plan or otherwise, that the State monitoring system meets the requirements of paragraph (b)(2) of this section.
 - (2) The State monitoring system must:
 - i. Provide for annual on-site monitoring reviews of local areas' compliance with DOL uniform administrative requirements, as required by WIA section 184(a)(4);
 - ii. Ensure that established policies to achieve program quality and outcomes meet the objectives of the Act and the WIA regulations, including policies relating to: the provision of services by One-Stop Centers; eligible providers of training services; and eligible providers of youth activities;
 - iii. Enable the Governor to determine if subrecipients and contractors have demonstrated substantial compliance with WIA requirements;
 - iv. Enable the Governor to determine whether a local plan will be disapproved for failure to make acceptable progress in addressing deficiencies, as required in WIA section 118(d)(1); and
 - v. Enable the Governor to ensure compliance with the nondiscrimination and equal opportunity requirements of WIA section 188 and 29 CFR part 37. Requirements for these aspects of the monitoring system are set forth in 29 CFR 37.54(d)(2)(ii).

Condition

During-the-Award Monitoring

EDD allots WIA funds to both Local Workforce Investment Areas (LWIAs) and Community Based Organizations (CBOs). During fiscal year 2007–2008, EDD allotted \$83.5 million to 38 CBOs. However, EDD's Compliance Monitoring Section (CMS), which is responsible for performing on-site monitoring reviews, did not conduct reviews of any CBOs during fiscal year 2007–2008. Although the CMS conducted on-site monitoring reviews of all 49 LWIAs that received funding during fiscal year 2007–08,

according to the chief of the CMS, it did not perform onsite monitoring of CBOs because of staffing limitations. By not conducting on-site monitoring of CBOs, EDD cannot ensure that CBOs are acting in compliance with laws, regulations, or provisions of grant agreements.

Issuance of Management Decisions

EDD did not issue the management decision on audit findings within six months after receipt of a subrecipient's audit report. The State has established a process whereby local governments submit copies of their OMB Circular A-133 reports to the State Controller's Office (SCO). The SCO will then distribute copies of each audit report to state entities affected by audit findings. The state entities are responsible for following up on the audit findings related to federal programs. Because EDD is calculating the six-month period from the date it receives copies of the audit report from the SCO rather than from the date the SCO first receives the report, it did not issue a management decision on one finding identified during the 2006–2007 fiscal year within the required six-month time frame. As of January 15, 2009, the management decision had not been issued and was two weeks overdue. However, part of the delay in issuing the management decision can be attributed to the SCO since it did not forward the audit report to EDD until more than two and one-half months after it was received. As a result, the State cannot ensure that it issues its management decisions timely.

Questioned Costs

Not applicable.

Recommendations

EDD's CMS should implement a more effective during-the-award monitoring process to ensure that all recipients of WIA funds, including CBOs, use federal funds for authorized purposes. Additionally, EDD should coordinate with the SCO to ensure that required management decisions are issued within six months of the State's receipt of the subrecipient's OMB Circular A-133 audit report.

Department's View and Corrective Action Plan

EDD stated that it recognizes the importance of conducting on-site compliance monitoring reviews for CBOs that receive federal WIA funds. These monitoring reviews ensure that these organizations provide WIA services that are in accordance with program, administrative, and financial requirements. As noted in the audit, the EDD conducts annual monitoring reviews for all 49 Local Workforce Investment Areas that receive the majority of California's WIA grant. Conducting additional reviews will require dedicated staffing resources that have the program knowledge and skills needed to conduct on-site reviews, report findings or observations, and work with the CBOs to correct outstanding issues.

To address this finding, additional program analysts, at the staff services analyst/associate governmental program analyst classification, will need to be hired or redirected from performing other critical functions in order to perform monitor reviews. EDD stated that it will proceed with an internal budgetary or staffing redirection to provide the dedicated staffing resources the CMS needs to perform monitoring reviews of the CBOs that receive federal WIA funds. It is anticipated that the monitoring reviews will be initiated in state fiscal year 2009–10. EDD stated that it will also work with the SCO to ensure the timely transmission of single audits allowing for management decisions to be issued within the required six months.

U.S. DEPARTMENT OF TRANSPORTATION

Reference Number:	2008-7-2
Federal Catalog Number:	20.505
Federal Program Title:	Federal Transit Metropolitan Planning Grants/ Consolidated Planning Grants
Federal Award Number and Year:	None; State Fiscal Year 2007–08
Category of Finding:	Matching
State Administering Department:	Department of Transportation (Caltrans)

Criteria

TITLE 49—TRANSPORTATION, SUBTITLE III—GENERAL AND INTERMODAL PROGRAMS, CHAPTER 53—PUBLIC TRANSPORTATION, Section 5305—Planning Programs

- (f) Government's Share of Costs. The Government's share of the cost of an activity funded using amounts made available under this section may not exceed 80 percent of the cost of the activity unless the Secretary determines that it is in the interests of the Government not to require a State or local match.

TITLE 23—HIGHWAYS, PART 420—PLANNING AND RESEARCH PROGRAM ADMINISTRATION, Subpart A—Administration of FHWA Planning and Research Funds, Section 420.121—What Other Requirements Apply to the Administration of FHWA Planning and Research Funds?

- (m) Subgrants to local governments. The State DOTs and subrecipients are responsible for administering FHWA planning and research funds passed through to MPOs and local governments, for ensuring that such funds are expended for eligible activities, and for ensuring that the funds are administered in accordance with this part, 49 CFR part 18, Uniform Administrative Requirements for Grants and Agreements to State and Local Governments, and applicable OMB cost principles. The State DOTs shall follow State laws and procedures when awarding and administering subgrants to MPOs and local governments and must ensure that the requirements of 49 CFR 18.37(a) have been satisfied.

TITLE 49—TRANSPORTATION, PART 18—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements Financial Administration, Section 18.24—Matching or Cost Sharing

- (a) Basic rule: Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
 - (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by other cash donations from non-Federal third parties.
 - (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements apply.

Condition

In our prior-year audit, we reported that Caltrans required its subrecipients, metropolitan planning organizations (MPOs), to show at least the mandatory local match amount for each work element presented on their requests for reimbursement. However, it did not have a process in place to ensure that the MPO local matches originated from only allowable sources and met the allowable cost/cost principles requirements. Specifically, neither the Caltrans Office of Regional Interagency Planning (ORIP) staff, which oversee the program for the State, nor the district offices verified that the MPO drew their local matches only from allowable sources that met the allowable cost/cost principles requirements. Additionally, Caltrans did not perform any incurred cost audits, which it generally performs on one MPO annually to ensure that the amounts and fund sources are allowable and supported properly. Consequently, Caltrans had no assurance that the MPOs complied with the local match requirements.

During our follow-up procedures for fiscal year 2007–08, we found that Caltrans had yet to establish policies and procedures that require its district offices to review periodically the MPOs' invoices and supporting financial records that detail the source of funds used to meet their local match obligation. Caltrans expects to implement new policies and procedures by April 2009.

Questioned Costs

Not applicable.

Recommendations

Caltrans should establish policies and procedures that require its district offices to review periodically the MPOs' invoices and supporting financial records that detail the source of the funds used to meet their local match obligation. The district offices should then retain the documentation and report the results to ORIP.

Department's View and Corrective Action Plan

Caltrans stated that, pending its Legal Division's approval, ORIP will make changes to its Request for Reimbursement (RFR) form. Additionally, on a quarterly basis it will require MPOs to submit and district office staff to review receipts substantiating the source of the local match shown on the submitted RFRs. Caltrans will also require both MPOs and the district offices to retain the local match documentation and provide it to ORIP when requested.

Caltrans plans to revise the Regional Planning Handbook (RPH) to reflect the new RFR processes. ORIP will publish the RPH by the end of February 2009 and will provide additional training to the districts on the new procedures. All changes to policies and procedures that govern the monitoring of local match will be made by April 2009.

U.S. DEPARTMENT OF VETERANS AFFAIRS

Reference Number:	2008-12-8
Federal Catalog Number:	64.114
Federal Program Title:	Veterans Housing—Guaranteed and Insured Loans
Federal Award Number and Year:	None; State Fiscal Year 2007–08
Category of Finding:	Reporting
State Administering Department:	California Department of Veterans Affairs (Veterans Affairs)

Criteria

TITLE 38—PENSIONS, BONUSES, AND VETERANS' RELIEF, PART 36—LOAN GUARANTY, Subpart B—Guaranty or Insurance Loans to Veterans, Section 4315—Notice of Default and Acceptability of Partial Payments

(a)(1) Reporting of Defaults

The holder of any guaranteed or insured loan shall give notice to the Secretary within 45 days after any debtor is in default by reason of nonpayment of any installment for a period of 60 days from the date of first uncured default.

TITLE 38—PENSIONS, BONUSES, AND VETERAN'S RELIEF, PART 36—LOAN GUARANTY, Subpart B—Guaranty or Insurance Loans to Veterans, Section 4317—Notice of Intention to Foreclose

Except on the express waiver of the U.S. Department of Veterans Affairs (department), a holder of a department-guaranteed home loan shall not begin proceedings in court or give notice of sale under power of sale, or otherwise take steps to terminate the debtor's rights in the security until the expiration of 30 days after the delivery by registered mail to the department of a notice of intention to take such action.

Condition

Veterans Affairs is approved by the department to offer department-guaranteed home loans to eligible veterans. During fiscal year 2007–08, Veterans Affairs held 51 department-guaranteed loans for which the homeowners became 60 days delinquent. However, for one homeowner, Veterans Affairs did not notify the department of the 60-day delinquency. Additionally, Veterans Affairs held 29 department-guaranteed loans for which the homeowners became 90 days delinquent, but it did not submit to the department a notice of intent to foreclose for one homeowner.

According to one of its managers, Veterans Affairs was unaware that the reporting requirements for the notice of default and notice of intent to foreclose were still applicable after the department required it to sign an indemnification agreement for this loan. The manager indicated that now that Veterans Affairs is aware of the continuing requirement it will continue to comply with this requirement for similar situations.

Questioned Costs

Not applicable.

Recommendations

Veterans Affairs should notify the department of each 60-day delinquency on department-guaranteed loans as required. Veterans Affairs should not foreclose on a department-guaranteed home loan until 30 days after it has notified the department of its intent to foreclose.

Department's View and Corrective Action Plan

Veterans Affairs stated that this finding relates to one loan file on which the department would not allow it to file a claim. Once it was notified that it could not file a claim for this loan, it did not continue to send the paperwork to report on and/or file a claim for this one rejected loan. Since the department rejected the loan and it could no longer file a claim for reimbursement with the department, it did not file the 60-day delinquency notice and the 30-day foreclosure notice. It was not aware that it had to continue to send the department forms that updated progress for a loan that could no longer be filed as a claim.

Veterans Affairs also stated that now that it is aware of this requirement, it has notified staff of its policy to file all progress notices on all VA loans, even in the event of a loan on which it cannot file a claim.

THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Reference Number:	2008-7-9
Federal Catalog Number:	94.006
Federal Program Title:	AmeriCorps
Federal Award Numbers and Year:	06ACHCA001; 2006 06AFHCA001; 2006
Category of Finding:	Earmarking
State Administering Department:	CaliforniaVolunteers

Criteria

TITLE 45—PUBLIC WELFARE, PART 2521—ELIGIBLE AMERICORPS SUBTITLE C PROGRAM APPLICANTS AND TYPES OF GRANTS AVAILABLE FOR AWARD, Section 2521.95—To What Extent May I Use Grant Funds for Administrative Costs?

- (a) Not more than five percent of the grant funds provided under this part for any fiscal year may be used to pay for administrative costs, as defined in Section 2510.20 of this chapter.

APPLICATION INSTRUCTIONS FOR STATE COMMISSIONS: AMERICORPS STATE AND TERRITORY COMPETITIVE EDUCATION AWARD PROGRAM AND FORMULA GRANTS, Section V—Grant Requirements, Part D—Subgrant Administrative Cost Allocation

Since we provide direct administrative funding and program development assistance and training funds to support your operations, we strongly encourage you to provide the full 5 percent allowed for administrative funds to your operating programs. However, the commission may retain up to 1 percent for this purpose.

Any administrative funds you retain must be solely in support of the AmeriCorps programs from which you have retained them. Your accounting system must track and allocate these administrative funds separately. Please see Appendix E of the Application Instructions for guidance in calculating your administrative costs.

AMERICORPS APPLICATION INSTRUCTIONS, State and Territory Competitive; State Education Award Program; National Direct; National Education Award Program; National Professional Corps; Indian Tribes; States, Territories, and Commonwealths Without Commissions; National Planning, APPENDIX E: Budget Instructions (Budget Section), Section III—Administrative/Indirect Costs, B. Options for Calculating Administrative/Indirect Costs

State Commission 1% Set-Aside Share Option. Regardless of the method used to calculate administrative costs, state commissions may choose to set aside a portion of the Corporation share to use in administering its subgrantees. This amount must not exceed a one-fifth share of the maximum 5 percent Corporation share. When using this option, the subgrantee's portion must not exceed the remaining 4 percent portion of the maximum Corporation share.

Condition

In our prior-year audit, we reported that CaliforniaVolunteers lacked an adequate process to identify separately its administrative expenditures in its accounting records. Specifically, CaliforniaVolunteers did not track and allocate 1 percent of its administrative costs separately. We also reported that CaliforniaVolunteers' process for requesting funds from the Corporation for National and Community Service (corporation) lacked documentation of its review and approval of the request.

During our follow-up procedures for fiscal year 2007–08, we found that CaliforniaVolunteers implemented our recommendation to correct this finding. In October 2007 CaliforniaVolunteers established a new program cost account code to track the 1 percent administrative cost allocation separately in its accounting records. It also maintained documentation of its review and approval of requests for funds from the corporation.

However, while reviewing its process for calculating 1 percent of its administrative costs, we found that CaliforniaVolunteers' calculation was incorrect. According to the corporations' instructions, to allocate the commission share of the administrative costs, CaliforniaVolunteers must multiply the sum of the corporation shares of "program operating costs" (Section I) and "member costs" (Section II) by 1.05 percent. Based on our review of the calculations of its administrative costs related to payments it made to four subgrantees, CaliforniaVolunteers inappropriately included the "subgrantees administrative costs" in its calculations. By including "subgrantee administrative costs" in the calculation of its administrative costs, CaliforniaVolunteers overstates its share of the administrative costs by 4.2 percent.

However, we were unable to determine if CaliforniaVolunteers drew down more than 1 percent for its administrative costs because of the lag time between its calculation and actual drawdown. According to CaliforniaVolunteers' director of legislation, finance, and administration, she is working toward recalculating the administrative costs and verifying that the amount drawn down to date does not exceed the maximum allowable costs to date. Until CaliforniaVolunteers performs this analysis, it cannot demonstrate that it is in compliance with this requirement.

Questioned Costs

Unknown

Recommendations

CaliforniaVolunteers should revise its methodology for calculating its share of administrative costs. CaliforniaVolunteers should also complete its analysis aimed at ensuring that the amount it has drawn down to date for its administrative costs does not exceed the maximum allowed under the corporation's guidelines.

Department's View and Corrective Action Plan

CaliforniaVolunteers stated that it has performed a review of its records and determined that regardless of the incorrect calculation methodology identified by the auditor, to date, it has not drawn down more than the allowable 1 percent for administrative costs against the federal award.

CaliforniaVolunteers stated that it calculates the amount of available 1 percent administrative costs on a quarterly basis. This calculation is performed in coordination with the reconciling of its accounting records with the federal cash transaction system. This reconciliation provides a verification of the actual amount paid to subgrantees from the federal grant at a specific point in time. Therefore, it is also an appropriate point in time to identify the amount available for use by CaliforniaVolunteers' administrative costs, since these funds cannot be drawn down until after the subgrantees have expended funds against the grant.

In order to verify that CaliforniaVolunteers had not drawn down more than 1 percent of its administrative costs over the period of availability for the AmeriCorps Grants associated with this finding, CaliforniaVolunteers stated that it performed the following steps for all funds expended under the grants for the period July 10, 2006, through December 31, 2008:

- 1) CaliforniaVolunteers identified the amount of funds for "subgrantee administrative costs" paid to all subgrantees during the period.

- 2) CaliforniaVolunteers recalculated the base against which the 1 percent administrative costs can be incurred by subtracting the “subgrantee administrative costs” from the total amount paid to subgrantees over the period. This results in a remaining amount, which equals the “program operating costs” and “member costs.”
- 3) CaliforniaVolunteers then recalculated the 1 percent administrative costs allowable for use on the new base that only included “program operating costs” and “member costs.”
- 4) CaliforniaVolunteers then compared the recalculated amounts allowable to the actual amount of fees drawn against the federal awards to date.

The results of this review and recalculation are provided in the table below and the documents associated with this analysis are available for auditor review.

AWARD	ALLOWABLE FOR 1 PERCENT ADMINISTRATIVE COSTS	DRAWN FOR 1 PERCENT ADMINISTRATIVE COSTS AS OF DECEMBER 31, 2008	BALANCE REMAINING TO BE DRAWN
06ACHCA001	\$287,926.56	\$225,839.91	\$62,086.65
06AFHCA001	197,228.39	147,204.38	50,024.01
Totals	5485,154.95	5373,044.29	\$112,110.66

Beginning with the quarter ending March 31, 2009, CaliforniaVolunteers will use the new methodology, as outlined above, to calculate the amount of 1 percent administrative costs available to be drawn against the grant award, so as not to overstate the amount available and prevent the possibility of overdrawing these funds in the future.

Reference Number:	2008-7-10
Federal Catalog Number:	94.006
Federal Program Title:	AmeriCorps
Federal Award Numbers and Year:	06ACHCA001; 2006 06AFHCA001; 2006
Category of Finding:	Matching
State Administering Department:	CaliforniaVolunteers

Criteria

TITLE 45—PUBLIC WELFARE, PART 2521—ELIGIBLE AMERICORPS SUBTITLE C PROGRAM APPLICANTS AND TYPES OF GRANTS AVAILABLE FOR AWARD, Section 2521.35—Who Must Comply With Matching Requirements?

- (a) The matching requirements described in §§2521.40 through 2521.95 apply to you if you are a subgrantee of a State commission or a direct program grantee of the Corporation. These requirements do not apply to Education Award Programs.
- (b) If you are a State commission, you must ensure that your grantees meet the match requirements established in this part, and you are also responsible for meeting an aggregate overall match based on your grantees’ individual match requirements.

TITLE 45—PUBLIC WELFARE, PART 2521—ELIGIBLE AMERICORPS SUBTITLE C PROGRAM APPLICANTS AND TYPES OF GRANTS AVAILABLE FOR AWARD, Section 2521.45—What are the Limitations on the Federal Government’s Share of Program Costs?

- (b) Program operating costs. The Corporation share of program operating costs may not exceed 67 percent. These costs include expenditures (other than member support costs described in paragraph (a) of this section) such as staff, operating expenses, internal evaluation, and administration costs.
- (1) You may provide your share of program operating costs with cash, including other Federal funds (as long as the other Federal agency permits its funds to be used as match), or third party in-kind contributions.
 - (2) Contributions, including third party in-kind must:
 - (i) Be verifiable from your records;
 - (ii) Not be included as contributions for any other Federally assisted program;
 - (iii) Be necessary and reasonable for the proper and efficient accomplishment of your program's objectives; and
 - (iv) Be allowable under applicable OMB cost principles.

Condition

In our prior-year audit, we reported that CaliforniaVolunteers' processes did not adequately ensure that only allowable sources were used by its subgrantees to meet the matching requirements. CaliforniaVolunteers requires subgrantees to obtain memorandums of understanding (MOUs) from all partners who have made cash commitments to its program or who are supporting unstipended members prior to entering into a contract with CaliforniaVolunteers. Three of the 12 subgrantee files tested were missing MOUs. We also reported that CaliforniaVolunteers did not review the underlying documentation that supports the expenses used for matching as reported on the subgrantee's periodic expense report to ensure they are from allowable sources.

During our follow-up procedures for fiscal year 2007–08, we found that CaliforniaVolunteers partially corrected this finding. Specifically, for the five contracts we tested, its subgrantees obtained MOUs from all partners before entering into a contract with CaliforniaVolunteers. However, CaliforniaVolunteers did not review the underlying documentation that supports the expenses used to meet the matching requirement to ensure they are from allowable sources. According to CaliforniaVolunteers, although its current fiscal desk review process includes the collection and review of underlying documentation that supports the subgrantees' reported matching expenses and it reviews this documentation for accuracy and allowability of the type of expense made, it does not confirm that the source of the match is allowable under the grant during the review. Until it does so, CaliforniaVolunteers has no assurance that its subgrantees' matching contribution amounts, as reported on their periodic expense reports, are from allowable sources.

Questioned Costs

Unknown

Recommendation

CaliforniaVolunteers should strengthen its current policies and procedures regarding its fiscal desk review process to ensure matching contributions reported by its subgrantees are from allowable sources.

Department's View and Corrective Action Plan

CaliforniaVolunteers stated that although it reviews documentation regarding match commitments prior to entering into the grant and reviews accounting documents that show separation of match expenditures from federal expenditures from the grant, it does not review source documentation of the actual deposit of match funds into grantee accounts.

CaliforniaVolunteers also stated that it will update its policies and procedures for the fiscal desk review process to ensure that it includes the collection and review of source documents associated with the receipt and deposit of matching funds to ensure that they are coming from allowable sources. This will likely include the review of copies of checks deposited into accounts or documentation of automatic fund transfers to verify the source of funds. These policies will be implemented beginning with fiscal desk reviews done for grantees that have completed the 2007–08 program year.

Reference Number:	2008-13-15
Federal Catalog Number:	94.006
Federal Program Title:	AmeriCorps
Federal Award Numbers and Year:	06ACHCA001, 2006 06AFHCA001, 2006
Category of Finding:	Subrecipient Monitoring
State Administering Department:	CaliforniaVolunteers

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NONPROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
 - (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
 - (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
 - (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

TITLE 45—PUBLIC WELFARE, PART 2541—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart 2541.400—Monitoring and Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Condition

In our prior-year audit, we reported that CaliforniaVolunteers lacked internal controls to ensure that the Catalog of Federal Domestic Assistance (CFDA) number was identified to its subgrantees at the time of the award. We also reported that records related to CaliforniaVolunteers’ site visits of subgrantees did not contain evidence of its program operations manager’s review or documentation to identify the

procedures performed during the visit and the records reviewed to arrive at its conclusions related to fiscal issues and fiscal compliance/fiscal management systems. Finally, we reported that desk reviews performed by CaliforniaVolunteers were not signed by preparers, lacked evidence of managerial review, and did not contain a fiscal monitoring component.

During our follow-up procedures for fiscal year 2007–08, we found that CaliforniaVolunteers partially corrected these conditions. For instance, on November 28, 2007, CaliforniaVolunteers adopted an interim policy to include the CFDA number on all of its contracts, award letters, and invoice forms. During fiscal year 2007–08, CaliforniaVolunteers sent letters to all of its subgrantees notifying them of the CFDA number. It also added the CFDA number to its invoice form and required subgrantees to use the new form beginning in January 2008. Further, on the five site visits we examined, we found evidence that supervisory reviews occurred. We also found that on December 6, 2007, CaliforniaVolunteers established an interim fiscal desk review policy and that both a preparer and supervisor signed the five desk reviews we examined.

However, CaliforniaVolunteers continues to review and evaluate its interim policy and procedures related to the review and documentation of fiscal information on site visits. CaliforniaVolunteers stated it has accessed technical assistance from the Corporation for National and Community Service and is utilizing the results of its fiscal desk reviews to determine the high-risk areas for programs. CaliforniaVolunteers also stated that it is in the process of entering into an agreement with the Department of Finance's Office of State Audits and Evaluations to assist it with the evaluation of its site visits. CaliforniaVolunteers expects implementation of its updated site visit policy and procedures during fiscal year 2008–09.

Questioned Costs

Not applicable.

Recommendation

CaliforniaVolunteers should continue its efforts to review and evaluate its interim policy and procedures related to site visits.

Department's View and Corrective Action Plan

CaliforniaVolunteers stated that in the initial audit it indicated that it was in the process of evaluating the current site visit policies and procedures and updating them as necessary to improve and clarify the review of fiscal information on a site visit, the procedures to follow on a site visit, and how to document information on a site visit. CaliforniaVolunteers also indicated that full implementation of changes identified will occur during fiscal year 2008–09.

CaliforniaVolunteers also stated it is continuing to review and update site visit procedures to address this issue. Since the initial audit, CaliforniaVolunteers has determined that a more comprehensive review of subgrantee fiscal monitoring is needed to ensure that comprehensive policies and procedures were developed. Toward this end, CaliforniaVolunteers entered into an interagency agreement with the Department of Finance, Office of State Audits and Evaluation to: 1) review CaliforniaVolunteers' Single Audit finding and provide recommendations for mitigating the issues identified; 2) assist CaliforniaVolunteers with developing and documenting an ongoing risk-based grant monitoring process for the federal AmeriCorps grants; 3) conduct a compliance review of at least one high-risk subgrantee, and; 4) allow CaliforniaVolunteers staff to accompany Department of Finance staff when they perform the compliance review of the high-risk subgrantee for training purposes. CaliforniaVolunteers stated that it is expected that the results of these activities will strengthen its overall subgrantee monitoring process as well as determine how, when, and what methods should be used for reviewing fiscal information on site visits. CaliforniaVolunteers also stated that these results will be used to finalize updated policies and procedures for site visit activities. CaliforniaVolunteers stated that work on this interagency agreement began in January 2009 and is expected to last approximately four months.

Finally, CaliforniaVolunteers stated that because this review is taking place during fiscal year 2008–09 and the results will not be available until near the end of that year, the final revision and full implementation of changes to the documentation of fiscal issues on site visits will likely not take place until fiscal year 2009–10.

U.S. ELECTION ASSISTANCE COMMISSION

Reference Number:	2008-7-1
Federal Catalog Number:	90.401
Federal Program Title:	Help America Vote Act (HAVA) Requirements Payments
Federal Award Numbers and Years:	None; 2005 None; 2004
Category of Finding:	Level of Effort—Maintenance of Effort (MOE)
State Administering Department:	Office of the Secretary of State (Secretary of State)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 146—ELECTION ADMINISTRATION IMPROVEMENT, SUBCHAPTER 11—COMMISSION, PART D—Election Assistance, Subpart 1—Requirements Payments, Section 15404, State Plan

- (a) In general the State plan shall contain a description of each of the following:
- (7) How the State, in using the requirements payment, will maintain the expenditures of the State for activities funded by the payment at a level that is not less than the level of such expenditures maintained by the State for the fiscal year ending prior to November 2000.

EAC ADVISORY 07-003-A—Maintenance of Effort Funding—Question 4: How should states document that they have maintained their effort?

Response 4:

The first step in documenting MOE is to determine the base level of expenditure in the state fiscal year preceding November 2000 (base year). This number should be derived by examining the State and county or local government spending on HAVA funded activities during the base year. These activities include:

- Purchasing voting equipment;
- Developing, operating and/or maintaining a list of registered voters who are eligible to vote in Federal elections;
- Providing information to voters at the polling place on Federal elections;
- Implementing and/or operating a system of provisional voting during Federal elections;
- Verifying voter registration information using other Federal, State, county or local data;
- Other activities that improve the administration of elections for Federal office.

Once a base level of expenditure is obtained, the State can demonstrate that it has maintained its effort by providing documentation that shows that the State spent the same amount of money (base level of expenditures) on any election-related activities during any Federal fiscal year in which the State had and used requirements payments distributed under Title II of HAVA. A State

can also demonstrate that they have maintained their effort by documenting the same or greater level of expenditures as the base level of expenditure in each year that the State had and used requirements payments.

Condition

In our prior-year audit, we reported that the Secretary of State did not comply with the HAVA MOE requirement because it failed to include all of the appropriate expenditures.

During our follow-up procedures for fiscal year 2007–08, we found that the Secretary of State continues to lack adequate internal controls to ensure that it calculates and reports properly the HAVA MOE requirement. Specifically, the Secretary of State calculated its MOE requirement and submitted it to the U.S. Elections Assistance Commission (EAC) on May 28, 2008. However, the Secretary of State was unable to provide documentation to support the MOE amounts it reported to the EAC. According to the deputy secretary of state of HAVA activities, he was unable to recreate the information used to prepare the report because the data included in the report contains calculation errors and county reporting errors. As a result, we were unable to determine if the Secretary of State met its baseline or subsequent years' MOE requirement for fiscal year 2007–08. The deputy Secretary of State of HAVA activities later noted that his staff recalculated the MOE requirement and resubmitted it to the EAC on December 3, 2008.

We also found that the Secretary of State only partially implemented our recommendation that it establish a process to obtain and validate county information, which it must use to establish its MOE calculation. Specifically, during fiscal year 2007–08, the Secretary of State collected county expenditure data and analyzed the reported data to ensure that counties were not claiming expenses that were reimbursed by the State. However, according to the deputy secretary of state of HAVA activities, it did not validate the county information because additional guidance on how to meet the requirement related to local government spending had not been provided by the EAC. He also pointed out that on April 30, 2008, the EAC voted to suspend the requirement to gather county data for MOE reporting purposes until a new advisory can be approved by the EAC.

Questioned Costs

Not applicable.

Recommendations

The Secretary of State should ensure that it retains documentation of the method it uses to calculate and report the base level and subsequent level of MOE expenditures reported to the EAC. The Secretary of State should also retain documentation to support the MOE expenditures it includes in its reports. If the EAC approves an advisory that reinstates the need to report the county data, the Secretary of State should establish a process to validate the county information it uses in its MOE calculation.

Department's View and Corrective Action Plan

The Secretary of State provided the Bureau of State Audits with the following response:

The EAC has modified its MOE policy three times over its history, which has led to challenges in accurately interpreting and fully implementing the policy. These changes, according to public testimony from EAC commissioners, have come due, in part, to the complexity of the policy and the difficulty in collecting data. As noted by the BSA above, the initial MOE policy required states to collect state and county expenditure data for six specific types of expenditures, some of which were open to interpretation, including: voting system purchases; operating voter registration databases; providing information to voters at the polling place; implementing provisional voting; verifying voter information; and "improving the administration of elections." The EAC adopted its first policy on May 1, 2007, and modified the policy on September 6, 2007, nearly eight years beyond the date for

establishing the 1999–2000 base year for MOE. Consequently, gathering both state and local data on expenditures has been difficult because past and current expenditures for the discrete activities was not accounted for in the manner prescribed by the MOE policy, and the 1999–2000 base year is beyond the records-retention schedule followed by state and local governments for most fiscal data. This lack of fiscal and accounting records for specific expenditures makes it difficult to validate data reconstructed by counties for reporting purposes. There also is no specific mandate in HAVA that requires the Secretary of State to validate county submissions. As a result the Secretary of State relied upon data submitted by the counties.

It should be noted that the lack of concrete eight-year-old county and state data is not limited to California. This fact may explain why the EAC suspended its MOE policy as it relates to county expenditures on April 30, 2008. The suspension of the policy is an indefinite one and is in place until such time as the EAC adopts a new policy. A new policy was proposed by EAC vice chair Donetta Davidson on December 2, 2008, and the Secretary of State intends to comment on this new policy and to ask specifically for guidance on what supporting documentation it can rely upon for reporting the MOE.

Therefore, the Secretary of State will continue to monitor EAC action with respect to adoption of an MOE policy and report data according to the policy in place at the time of reporting.

Reference Number:	2008-12-1
Federal Catalog Number:	90.401
Federal Program Title:	Help America Vote Act (HAVA) Requirements Payments
Federal Award Numbers and Years:	None; 2005 None; 2004
Category of Finding:	Reporting
State Administering Department:	Office of the Secretary of State (Secretary of State)

Criteria

TITLE 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT, CHAPTER 105—GENERAL SERVICES ADMINISTRATION, PART 105-71—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS WITH STATE AND LOCAL GOVERNMENTS, Section 105-71.120—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—
- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

TITLE 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT, CHAPTER 105—GENERAL SERVICES ADMINISTRATION, PART 105-71—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS WITH STATE AND LOCAL GOVERNMENTS, Section 105-71.141—Financial Reporting

- (b) Financial Status Report—
 - (1) Form. Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all non-construction grants and for construction grants when required in accordance with paragraph (e)(2)(iii) of this section.

Condition

In our prior-year audit, we reported that the Secretary of State did not accurately report the amounts in its annual Financial Status Report.

Our follow-up procedures related to the Secretary of State's amended Financial Status Report for federal fiscal year 2007 that it submitted to the U.S. Elections Assistance Commission (EAC) on May 28, 2008, found that the Secretary of State continues to not accurately report some amounts. Specifically, according to the EAC's guidance for completing the Financial Status Report, the recipient's share of net outlays should include the amount of the State's matching funds and the interest earned on those funds. Although the Secretary of State reported \$111 million for its total recipient share of net outlays, it provided us with a July 9, 2008, letter it sent to the EAC stating that it had spent \$37 million in matching funds. Thus, it appears the Secretary of State incorrectly reported its recipient share of net outlays. In addition to the incorrect amount, the Secretary of State also incorrectly reported the \$111 million as third party in-kind contributions (noncash). Finally, the Secretary of State reported more than \$88 million for the total recipient's share of unliquidated obligations but could not provide documentation to support this amount.

During the audit process it became clear to us that although the Secretary of State has a process to review and approve the report, this process is ineffective for ensuring the accuracy of the report because staff preparing and approving the report do not have the knowledge and experience necessary to complete it. Inaccurate reporting prevents the EAC from knowing the true status of the funding provided to the State for HAVA.

Questioned Costs

Not applicable.

Recommendations

The Secretary of State should ensure that staff who prepare and review the Financial Status Report are knowledgeable of the federal financial reporting requirements. Additionally, the Secretary of State should ensure that the amounts it reports are supported by its accounting records. Finally, the Secretary of State should retain the documentation used to prepare the reports it submits to the EAC.

Department's View and Corrective Action Plan

The Secretary of State has incorporated the Bureau of State Audits' (BSA) findings to improve the accuracy of the HAVA Financial Status Reports. Further, the Secretary of State has and continues to devote staff resources to ensure the accuracy of the HAVA expenditures, particularly due to the complex nature of the HAVA budgeting and accounting, and changes in EAC opinions.

The Secretary of State acknowledges that it made a clerical error and reported the recipient's share on the wrong line of the report; it plans to submit a corrected Financial Status Report to the EAC.

The \$111.1 million represents the amount of money California has paid to counties from the Voting Modernization Bond Act of 2002 (Proposition 41), which approved \$200 million in bonds to upgrade voting systems. The \$88.9 million represents the balance of the Proposition 41 funds allocated, but not yet provided, to the counties by the Voting Modernization Board in July 2002. The funding allocations are detailed on the Voting Modernization Board's Web site at <http://www.sos.ca.gov/elections/vma/home.html>.

The \$37 million figure, which the BSA identified as inconsistent with the \$111.1 million figure, was discussed in a letter from the Secretary of State to the EAC dated July 9, 2008. That \$37 million is a subset of the \$111.1 million and was in response to a question from the EAC about interest earned on the State's 5 percent matching funds. The \$37 million was identified in that July 9, 2008, response as funding that could be applied to the State's 5 percent matching requirement, which was expended from the Voting Modernization Bond Fund before the State received its first allocation of HAVA funds. As the Secretary of State informed the EAC, that funding, which is in excess of the required \$13.9 million match, had been provided to counties for the purpose of purchasing voting equipment that complies with HAVA Title III requirements after the obligation for a 5 percent match was created, but prior to the State receiving its first allocation of HAVA funds. The cumulative amount exceeded the 5 percent match and was made prior to establishing the State Election Fund. Therefore, no interest was earned on the funds. California will report the appropriate amount of matching funds and retain supporting documentation to establish that it met its 5 percent matching requirement in the manner described in its response to the EAC.

The Secretary of State will continue its increased efforts for training of staff responsible for the preparation and review of the Financial Status Report to ensure they are knowledgeable of the federal financial reporting requirements.

To support the amounts reported, the Secretary of State will continue to retain the documentation used to support and prepare the Financial Status Report. Further, the Secretary of State will reassess accounting reports used to support the Financial Status Reports to make them more user friendly.

Reference Number:	2008-13-1
Federal Catalog Number:	90.401
Federal Program Title:	Help America Vote Act (HAVA) Requirements Payments
Federal Award Numbers and Years:	None; 2005 None; 2004
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Office of the Secretary of State (Secretary of State)

Criteria

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart D—Federal Agencies and Pass-Through Entities, Section .400—Responsibilities

- (d) Pass-through entity responsibilities: A pass-through entity shall perform the following for the Federal awards it makes:
- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of the Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

Condition

In our prior-year audit, we reported that the Secretary of State did not include all required federal award information pertaining to HAVA when it awarded funds to its subrecipients. Specifically, the Secretary of State did not include the Catalog of Federal Domestic Assistance (CFDA) title or number in the HAVA requirements payments agreements with its subrecipients. Additionally, although the Secretary of State includes the name of the federal agency in passing when discussing the reasonable costs of certain expenses, this information was not prominently placed in the section of the agreement that describes the purpose of the agreement. By not providing complete award information, the Secretary of State cannot be sure that its subrecipients are aware of all the program's requirements.

During our follow-up procedures for fiscal year 2007–08, we found that the Secretary of State partially corrected this finding. Specifically, the Secretary of State amended its agreements with 34 of its 41 subrecipients by the end of the fiscal year, June 30, 2008. Our review of four of the 34 amendments found that the CFDA title and number and the name of the federal agency was present. According to the deputy secretary of state of HAVA activities, the remaining seven counties signed and returned their amendments by October 2008.

Questioned Costs

Not applicable.

Recommendation

The Secretary of State should continue to ensure that its agreements with its subrecipients include all of the required award identification information.

Department's View and Corrective Action Plan

The Secretary of State provided the Bureau of State Audits with the following response:

As noted above, all current county contracts now contain the CFDA title and number. While this information is important, it should be noted that this technical oversight did not otherwise impact the contract with the counties and information now provided in the contracts was previously provided to counties upon request. Delay in execution of the contract amendment to add this information probably resulted from counties devoting all resources to the conduct of three federal elections in 2008. This information will be included in future contracts with counties.

KPMG LLP

U.S. DEPARTMENT OF AGRICULTURE

Reference Number:	2008-3-1
Federal Catalog Number:	10.557
Federal Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
Federal Award Numbers and Year:	7CA700CA7; 2008 7CA720CA7; 2008 7CA700CA1; 2008 8CA700029; 2008
Category of Finding:	Cash Management
State Administering Department:	Department of Public Health (Public Health)

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.11—What Requirements Apply to Funding Techniques?

- (a) A state and a federal program agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the state's payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

Condition

During our procedures performed over Public Health's payments made to contractors, we noted that it requests cash advances (drawdowns) from the federal government and then requests payments to be made to contractors by the State Controller's Office (SCO). The program falls under the Cash Management Improvement Act (CMIA) with a required funding technique of preissuance for payments to contractors. The preissuance technique requires the State to disburse payments to contractors not more than three days after the advance is deposited in the state account.

In our sample of 30 drawdowns totaling approximately \$10 million, we noted one drawdown for \$34,379 where the payment to the contractor was issued 15 days from the date of the drawdown request, which exceeds the three-day requirement per the CMIA agreement. By not issuing the warrant within three days from the date of the drawdown request, Public Health is not in compliance with the cash management requirements of the WIC program.

Questioned Costs

Not determined.

Recommendation

Public Health should enhance its current policies and procedures to ensure payments to contractors are issued within the three-day timing requirement.

Department's View and Corrective Action Plan

Public Health agrees with the audit finding and stated that accounting does follow the cash management procedures of a three-day drawdown. The Payables Unit submits a form to the drawdown federal funds desk indicating the date federal money should be drawn for each claim schedule. Public Health also stated that it attaches to the CMIA work sheet that it submits to the Department of Finance

(Finance) an explanation when schedules are drawn past 10 days. In the sample cited, claim schedule #2170885 was a claim cut by the SCO. The contractor was rescheduled on claim schedule #2170988. The federal money was drawn for the original claim schedule #2170885, but accounting was not aware of the claim cut by the SCO until the schedule was returned. The delay between the original claim and the rescheduled claim created the excess cash management days. An explanation for the 15-day drawdown was included in the CMIA working papers provided to Finance.

Reference Number:	2008-3-2
Federal Catalog Number:	10.557
Federal Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
Federal Award Numbers and Year:	7CA700CA7; 2008 7CA720CA7; 2008 7CA700CA1; 2008 8CA700029; 2008
Category of Finding:	Cash Management
State Administering Department:	Department of Public Health (Public Health)

Criteria

TITLE 45—PUBLIC WELFARE, SUBTITLE A—DEPARTMENT OF HEALTH AND HUMAN SERVICES, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

(b)(3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During procedures performed over cash management, we noted that there was no evidence of review or approval by someone other than the preparer for four of the 30 federal cash drawdown requests selected. We also noted that there was no evidence of review or approval on the related claim schedule for one of the 30 samples selected. Finally, we noted that there was no evidence of review or approval on the Cash Management Improvement Act (CMIA) local assistance work sheet for one of the two samples selected.

Without appropriately designed controls in place, there is a risk that Public Health could draw down funds on the federal program in excess of its immediate needs without being detected in a timely manner.

Questioned Costs

Not determined.

Recommendation

Public Health should enhance its current policies and procedures to implement segregation of duties. Specifically, for effective control and accountability to safeguard the assets, someone other than the preparer should review and approve the federal draw request, which would include the claim schedules and CMIA local assistance work sheets.

Department’s View and Corrective Action Plan

Public Health agrees with the audit finding that the drawdown was prepared and remittance advice was signed by the same person. Public Health stated there was a short period of time when employees with a classification of senior accounting officer and above could sign their own work. Since 2007, accounting procedures have been changed, and the supervisor will sign and review all work. Public Health also stated this type of finding should not occur in the future.

Public Health agrees that the claim schedule did not have evidence of review or approval. However, Public Health stated the original claim schedule was signed by a supervisor in order for it to be processed by the State Controller’s Office.

Finally, Public Health agrees with the audit finding that there was no evidence of review or approval on the July 2007–September 2007 CMIA local assistance work sheet. Public Health stated this was an oversight made by a new supervisor, and procedures now are in place so that the CMIA local assistance work sheet is approved by the supervisor. Public Health also stated this type of finding should not occur in the future.

Reference Number:	2008-13-3
Federal Catalog Numbers:	10.553, 10.555, 10.556, and 10.559
Federal Program Titles:	Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, and Summer Food Service Program for Children
Federal Award Number and Year:	58-3198-7430; 1998
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)

Criteria

TITLE 7—AGRICULTURE—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 3016.37, Subgrants

- (a) States. States shall follow state law and procedures when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. States shall:
 - (1) Ensure that every subgrant includes any clauses required by federal statute and executive orders and their implementing regulations;
 - (2) Ensure that subgrantees are aware of requirements imposed upon them by federal statute and regulation;

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the federal requirements, which govern the use of such awards and the requirements of this chapter;
- (D) require each of its subrecipients of federal awards to permit, as a condition of receiving federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

Condition

During our procedures performed over award identification, we noted the program uses School Nutrition Annual Participation Statements (APS) as its means to communicate award identification to its Local Educational Agencies (LEAs). However, we also noted that Education supplies its LEAs with reports of donated commodities received during the fiscal year from its commodity distribution unit entitled Direct Shipment Information 2008-2007 Year. This additional communication of donated commodities does not contain award identification information to inform its LEAs that these are additional program awards of the National School Lunch Program (NSLP), Catalog of Federal Domestic Assistance (CFDA) Number 10.555, which are required to be included in the LEAs' total federal award expenditures that are subject to annual federal audit.

By not including the program award information for the donated commodities, LEAs may not be appropriately identifying these amounts as federal awards. Underreporting of federal awards could result in the funds not being audited as part of the LEAs' OMB Circular A-133 audit. As a result of this lack of federal award notification, Education disbursed more than \$122 million of donated commodities for the fiscal year ended June 30, 2008, without assurances that LEAs were properly reporting these as federal awards.

Questioned Costs

Not applicable.

Recommendation

Education should implement policies and procedures to ensure that it provides complete award information to its subrecipient LEAs regarding donated commodities.

Department's View and Corrective Action Plan

Education does not concur with this finding and stated donated commodities are not part of the NSLP. Education also stated the auditors appear to have incorrectly combined two separate programs, the NSLP that is governed by 7 CFR, Part 210, and the Food Distribution Program (FDP) that is governed by 7 CFR, Part 250. Because the FDP is not part of the NSLP, and because the donated commodities under the FDP do not have a United States Department of Agriculture (USDA) assigned CFDA number, it would be inappropriate for Education to report the donated commodities with the reference of the NSLP CFDA number. However, Education will seek guidance from the USDA on providing LEAs with donated commodity information for purposes of reporting federal awards.

Auditor's Comments on Department's View

We reviewed the NSLP Program Facts Sheet dated July 2008 and noted it indicated, "In addition to cash reimbursements, schools are entitled by law to receive commodity foods, called 'entitlement' foods. Schools can also get 'bonus' commodities, as they are available from surplus agricultural stocks. States

select entitlement foods for their schools from a list of various foods purchased by USDA and offered through the school lunch program. Bonus foods are offered only as they become available through agricultural surplus.” Also, we noted that the value of these donated commodities that are provided to its LEAs, as supplied by Education in its Entitlement/Bonus Summary Report, are included in the State of California’s schedule of federal assistance in its OMB Circular A-133 audit report under the National School Lunch Program (CFDA 10.555). By indicating in its response that the donated commodities are not part of the National School Lunch Program, Education is inconsistent with the statewide reporting of these donated commodities.

Reference Number:	2008-13-4
Federal Catalog Number:	10.557
Federal Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
Federal Award Numbers and Years:	7CA700CA7; 2008 7CA720CA7; 2008 7CA700CA1; 2008 8CA700029; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Public Health (Public Health)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
 ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit Requirements; Exemptions

(f)(2) Each pass-through entity shall:

(C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity.

(h) The non-Federal entity shall transmit the reporting package, which shall include the non-Federal entity’s financial statements, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor’s reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection within the earlier of:

- (1) 30 days after receipt of the auditor’s report; or
- (2) (B) 9 months after the end of the period audited, or within a longer time frame authorized by the Federal agency, determined under criteria issued under section 7504, when the 9-month time frame would place an undue burden on the non-Federal entity.

TITLE 7—AGRICULTURE, SUBPART B—REGULATIONS OF DEPARTMENT OF AGRICULTURE,
 PART 246—SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN, Subpart F—Monitoring and Review, Section 246.19—Management Evaluation and Monitoring Reviews

(b) State Agency Responsibilities

- (1) The state agency shall establish an ongoing management evaluation system, which includes at least the monitoring of local agency operations, the review of local agency financial and participation reports, the development of corrective action plans to resolve program deficiencies, the monitoring of the implementation of corrective action plans, and on-site visits. The results of such actions shall be documented.
- (2) Monitoring of local agencies must encompass evaluation of management, certification, nutrition education, participant services, civil rights compliance, accountability, financial management systems, and food delivery systems. If the state agency delegates the signing of vendor agreements, vendor training, or vendor monitoring to a local agency, it must evaluate the local agency's effectiveness in carrying out these responsibilities.
- (3) The state agency shall conduct monitoring reviews of each local agency at least once every two years. Such reviews shall include on-site reviews of a minimum of 20 percent of the clinics in each local agency or one clinic, whichever is greater. The state agency may conduct such additional on-site reviews as the state agency determines to be necessary in the interest of the efficiency and effectiveness of the program.
- (4) The state agency must promptly notify a local agency of any finding in a monitoring review that the local agency did not comply with program requirements. The state agency must require the local agency to submit a corrective action plan, including implementation time frames, within 60 days of receipt of a state agency report of a monitoring review containing a finding of program noncompliance. The state agency must monitor local agency implementation of corrective action plans.

Condition

- 1 During procedures performed over subrecipient monitoring of OMB Circular A-133 audits, we noted that Public Health's policy is to issue late notices to local agencies whose OMB Circular A-133 audits are not received by the due date. For one of the 30 samples selected, we noted that the OMB Circular A-133 audit report was not submitted by the local agency within nine months. However, Public Health did not issue a late notice to the subrecipient after being 30 days past due.

We noted that this subrecipient submitted an OMB Circular A-133 audit report on March 5, 2008, for fiscal year ended June 30, 2006, instead of for fiscal year ended June 30, 2007, which was due March 31, 2008. We reviewed a notice sent by Public Health on July 7, 2008, to the local agency requesting the correct fiscal year ended June 30, 2007, OMB Circular A-133 audit report, which it received on July 25, 2008.

- 2 During procedures performed over during-the-award monitoring, we noted that Public Health contracts with the State Controller's Office (SCO) to perform financial management reviews, which take place for all local agencies every two years. For issues identified during this review, the agency is required to submit a corrective action plan (CAP) within 60 days of the date of the finding letter. In our sample of 30 completed reviews, we noted the following:
 - For two of the 30 reviews selected, we noted Public Health was not able to locate the CAP submitted by the local agencies to support that proper follow-up on corrective actions were taken.
 - For one of the 30 reviews selected, there was no evidence of review and approval of the CAP by Public Health's WIC local agency support section.

Without properly designed processes and controls in place to notify, obtain, and review the required OMB Circular A-133 audits and CAPs, there is increased risk that subrecipient agencies may not be complying with federal program rules and regulations. Amounts paid to subrecipients totaled \$36.6 million of the \$952 million total WIC program expenditures for the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendations

Public Health should enhance its current policies and procedures to ensure OMB Circular A-133 audit reports are submitted within nine months after the agencies' year-end and that the reviews are completed for the correct year-end. Public Health should also implement controls for following up on findings related to the financial management reviews.

Department's View and Corrective Action Plan

Public Health stated this finding revealed a breakdown in communication between its two WIC sections, which resulted in inconsistent monitoring and follow-up, both in receiving and reviewing the local agency CAP. While previous findings were communicated among sections within WIC by mail, future monitoring will be accomplished by establishing a lead coordinator within the local agency support branch who will meet regularly with the WIC program integrity section representative and when necessary meet with the SCO representative to monitor the status and satisfactory completion of all audit-related activities within the required time frames. Additionally, a larger work group is forming to address the financial review coordination and separation of duties among staff within the WIC division. Upon approval of the local agency CAP, the local agency support branch coordinator will issue a letter of closure and make sure that all required documentation is located appropriately in the local agency file.

Public Health also stated this finding was caused by staff's inadvertent failure to identify that the OMB Circular A-133 audit report received was for the incorrect audit period. WIC staff obtained the correct report and processed it appropriately. The deficiency was not self-identified sooner due to a backlog in audit report processing at the SCO, which has been corrected. Future monitoring of report timeliness will occur during quarterly meetings already established with the SCO, whereby the SCO verifies that the OMB Circular A-133 audit reports have the appropriate minimum components and are not deficient. If an audit report is found to be deficient, the SCO will contact the WIC local agency or parent agency and obtain any missing components. Additionally, the SCO will obtain a CAP from local agencies with any findings or finance-related concerns, evaluate the acceptability of the CAP, and respond in writing with a management decision letter.

Reference Number:	2008-14-2
Federal Catalog Numbers:	10.553, 10.555, 10.556, and 10.559
Federal Program Titles:	Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, and Summer Food Service Program for Children
Federal Award Number and Year:	58-3198-7430; 1998
Category of Finding:	Special Tests and Provisions—Accountability for Commodities
State Administering Department:	Department of Education (Education)

Criteria

TITLE 7—AGRICULTURE, CHAPTER II—FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE, PART 250—Donation of Food for Use in the United States, its Territories, Subpart B—General Operating Provisions, Section 250.14—Warehousing, Distribution, and Storage of Donated Foods

- (e) Physical inventory. During the annual review required by paragraph (c) of this section, distributing agencies and subdistributing agencies shall take a physical inventory of their storage facilities. The physical inventory shall be reconciled with each storage facility's book inventory. The reconciliation records shall be maintained by the agency that contracted for or maintained the storage facility. Food items that have been lost, stolen, or found to be out of condition, shall be identified and recorded. Potential excessive inventory, as described in paragraph (f) of this section, shall be reported by the subdistributing agency to the distributing agency. Corrective action on each deficiency noted during these inventories shall be initiated immediately, and a written report of those corrective actions shall be forwarded to the distributing agency. Where applicable, the distributing agency shall pursue claims in accordance with Section 250.15(c).

Condition

During procedures performed over accountability for commodities, we noted that Education performs semiannual inventory counts of its commodities on June 30 and December 31 each year and reconciles those counts to its perpetual inventory system. We performed the procedure of selecting a sample of significant commodities physically on hand as of our audit date and rolling them back to the most recent semiannual inventory count, using purchase and shipping documentation to account for activity, in order to test the validity of the required annual physical inventory count.

In our procedures performed over those commodities, we noted two items where the physical quantity on hand did not reconcile to the adjusted quantity in Education's inventory tracking system. Those differences were as follows:

- Our physical count for item one (rice) totaled 345 units; however, the adjusted inventory tracking system count was 339, which resulted in an understatement of six units in its inventory tracking system. The unit cost for this item was \$6.44, which would result in an understatement of \$39 (6 X \$6.44).
- Our physical count for item two (rolled oats) totaled 768 units; however, the adjusted inventory tracking system count was 761, which resulted in an understatement of seven units in its inventory tracking system. The unit cost for this item was \$14.10, which would result in an understatement of \$99 (7 X \$14.10).

Total exceptions amounted to \$138 of the \$13,071 sampled of the total commodity inventory value of \$1,184,778 as of June 30, 2008.

Questioned Costs

None

Recommendation

Education should enhance its current policies and procedures over the physical inventory process to ensure that counts are properly performed and reconciled to the inventory tracking system.

Department's View and Corrective Action Plan

Education stated that to enhance inventory processes and help minimize discrepancies between physical counts and book inventory, it has implemented an electronic bar coding system to track all donated commodities that are ordered, received, and distributed to recipient agencies.

U.S. DEPARTMENT OF EDUCATION

Reference Number:	2008-1-1
Federal Catalog Number:	84.048
Federal Program Title:	Career and Technical Education—Basic Grants to States
Federal Award Numbers and Years:	V048A070005; 2007 V048A060005; 2006 V048A050005; 2005
Category of Finding:	Activities Allowed
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 76—STATE-ADMINISTERED PROGRAMS, Subpart E—How a Subgrant Is Made to an Applicant, Section 76.400—State Procedures for Reviewing an Application

A State that receives an application for a subgrant shall take the following steps:

- (a) Review. The State shall review the application.
- (b) Approval—entitlement programs. The State shall approve an application if:
 - (1) The application is submitted by an applicant that is entitled to receive a subgrant under the program; and
 - (2) The applicant meets the requirements of the Federal statutes and regulations that apply to the program.
- (c) Approval—discretionary programs. The state may approve an application if:
 - (1) The application is submitted by an eligible applicant under a program in which the State has the discretion to select subgrantees;
 - (2) The applicant meets the requirements of the Federal statutes and regulations that apply to the program; and
 - (3) The State determines that the project should be funded under the authorizing statute and implementing regulations for the program.
- (d) Disapproval—entitlement and discretionary programs. If an application does not meet the requirements of the Federal statutes and regulations that apply to a program, the State shall not approve the application.

Condition

Education has a formal control process for approving grants to local educational agencies (LEAs). The LEAs submit an application and plan that outlines the proposed activities that will be performed under the Carl D. Perkins Career and Technical Education Act of 2006. These applications and plans are reviewed by Education for the appropriateness of the proposed activities in connection with the allowable activities in the federal Career and Technical Education (CTE) program guidance. Education's review process consists of a program consultant approval, which is documented (signed by a consultant) on the front page of the CTE Application for Funding.

In our sample of subgrant awards made to LEAs, we noted no evidence of the review and approval process for two of the 30 LEA awards selected. Program staff stated that although the applications were not signed, they believed the applications had been reviewed. However, without a formal sign-off,

there is no evidence that these applications and plans have actually been reviewed and approved. Total subgrant awards amounted to \$122 million of the \$130 million program expenditures for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should strengthen its controls to ensure evidence of reviews and approvals are retained for all LEA subgrants.

Department’s View and Corrective Action Plan

Education stated it strives to ensure that all applications are approved and signed appropriately by requiring its LEAs to submit two copies of their application. The exception identified by the auditors occurred because the staff inadvertently discarded the signed instead of the unsigned duplicate copy of the application. Education stated that to enhance the approval signature process in the future, it will require staff to verify that all applications contain the appropriate approvals prior to data entry, funding, and filing.

Reference Number:	2008-1-2
Federal Catalog Number:	84.287
Federal Program Title:	Twenty-First Century Community Learning Centers
Federal Award Numbers and Years:	S287C070005; 2007 S287C060005; 2006 S287C050005; 2005
Category of Finding:	Activities Allowed
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 76—STATE-ADMINISTERED PROGRAMS, Subpart E—How a Subgrant Is Made to an Applicant, Section 76.400—State Procedures for Reviewing an Application

A state that receives an application for a subgrant shall take the following steps:

- (a) Review. The State shall review the application.
- (b) Approval—entitlement programs. The State shall approve an application if:
 - (1) The application is submitted by an applicant that is entitled to receive a subgrant under the program; and
 - (2) The applicant meets the requirements of the Federal statutes and regulations that apply to the program.
- (c) Approval—discretionary programs. The State may approve an application if:
 - (1) The application is submitted by an eligible applicant under a program in which the State has the discretion to select subgrantees;

- (2) The applicant meets the requirements of the Federal statutes and regulations that apply to the program; and
 - (3) The State determines that the project should be funded under the authorizing statute and implementing regulations for the program.
- (d) Disapproval—entitlement and discretionary programs. If an application does not meet the requirements of the Federal statutes and regulations that apply to a program, the State shall not approve the application.

Condition

Education has a formal control process for approving grants to local educational agencies (LEAs). The LEAs submit an application that outlines the proposed activities that will be performed under the No Child Left Behind program. Applications that meet the specified criteria are forwarded to community representatives for scoring based on a standardized scoring system. Applications must meet a minimum passing score and are ranked based on these scores with the top agencies being funded. This review and scoring process is evidenced by the Final Application Score Sheet (score sheet).

In our sample of subgrant awards that were made to LEAs, there was no evidence of a score sheet for 23 of the 60 samples selected. Through our discussion with the program staff, we noted that they did not retain all of the score sheets in an attempt to maintain confidentiality of the reviewer. However, without a formal sign-off and retention of the score sheet, there is no evidence that these applications have actually been reviewed and approved, and Education cannot demonstrate support for the proper approval of grants. Total subgrant awards amounted to \$101 million of the \$103 million program expenditures for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should strengthen its controls to ensure evidence of reviews and approvals are retained for all LEA subgrants.

Department's View and Corrective Action Plan

Education stated it will retain the application score sheets as evidence of reviews and approvals.

Reference Number:	2008-2-1
Category of Finding:	Allowable Costs
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A060005; 2006 V002A050005; 2005

Federal Catalog Number:	84.048
Federal Program Title:	Career and Technical Education—Basic Grants to States
Federal Award Numbers and Years:	V048A070005; 2007 V048A060005; 2006 V048A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 75—DIRECT GRANT PROGRAMS, Subpart F—What Are the Administrative Responsibilities of a Grantee? Section 75.702—Fiscal Control and Fund Accounting Procedures

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds.

Condition

During our procedures performed over state administrative expenditures charged to the programs, we reviewed Education's process and controls for recording payroll expenditures charged to both the Adult and Career and Technical Education programs. We noted employees complete a monthly personnel activity report (time sheet) that must account for the total activity and be signed by the employee. At the end of each month, the signed time sheets are reviewed and approved by the program supervisor and then forwarded to the division attendance clerk who reviews the time sheets for completeness and accuracy. The attendance clerk forwards all of the time sheets to the fiscal accounting services division time accountant to be processed and entered into the time accounting system. The data entry is performed by a time accountant, without review for accuracy and completeness at the fiscal accounting services division level. A detailed time and effort labor distribution summary report is made available to the program division on a monthly basis. The program division is responsible for reviewing the labor distribution summary report to ascertain the accuracy of the payroll expenditures that are charged to their program.

During our audit procedures, we noted one of the 30 sampled employee time sheets for the Adult Education program indicated 121.6 hours should be charged to the Adult Education program and 54.4 hours to another program. However, the time accountant incorrectly keyed all 176 hours into the accounting system to be charged to the Adult Education program. As a result of this data entry error that was not reviewed for accuracy, 54.4 hours were incorrectly charged to the Adult Education program.

Based on our discussion with Education, the error was not detected by Education's control processes and was corrected only after the auditors identified it. Without appropriately designed controls in place, there is increased risk that expenditures could be charged to the incorrect program.

Total Adult Education program exceptions amounted to \$1,197 of the \$132,640 sample of payroll out of the total payroll expenditures of \$3,117,319 for the fiscal year ended June 30, 2008.

Questioned Costs

Payroll expenditures of \$1,197 (54.4 hours x \$22 per hour) were incorrectly charged to the Adult Education program.

Recommendation

Education should strengthen its processes and controls to reduce the risk of inappropriate charges to its federal programs.

Department's View and Corrective Action Plan

Education stated that although the auditors identified a transcription error that was inadvertently not immediately corrected, this error has been subsequently corrected to reflect the hours charged as reported on the labor distribution summary for the referenced employee. However, to minimize the risk of undetected timekeeping errors, Education will remind appropriate staff to utilize the Administrative Cost Reporting System in reviewing and verifying labor distribution work sheets each month. If a discrepancy in the timekeeping key entry process is detected, the employee's leave status and time activity reports will be reviewed to determine the appropriate action that will resolve the discrepancy.

Reference Number:	2008-3-3
Category of Finding:	Cash Management
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A070005; 2006 V002A070005; 2005

Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies
Federal Award Numbers and Years:	S010A070005; 2007 S010A060005; 2006 S010A050005; 2005

Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities— State Grants
Federal Award Numbers and Years:	Q186A070005; 2007 Q186A060005; 2006 Q186A050005; 2005

Federal Catalog Number:	84.287
Federal Program Title:	Twenty-First Century Community Learning Centers

Federal Award Numbers and Years: S287C070005; 2007
 S287C060005; 2006
 S287C050005; 2005

Federal Catalog Number: 84.365
 Federal Program Title: English Language Acquisition Grants
 Federal Award Numbers and Years: T365A070005; 2007
 T365A060005; 2006
 T365A050005; 2005

Federal Catalog Number: 84.367
 Federal Program Title: Improving Teacher Quality State Grants
 Federal Award Numbers and Years: S367A070005; 2007
 S367A060005; 2006
 S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 80.20—Standards for Financial Management Systems

- (7) Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees’ cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter of credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to ensure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Condition

During our procedures performed over Education’s payments made to local educational agencies (LEAs), we noted it does not have an adequate process in place for assessing the cash needs of its subrecipients.

Adult Education—Basic Grants to States

Education requests advance funds from the federal government and makes four quarterly payment advances to LEAs during the fiscal year. The first two 25 percent advances are made without input from the LEA as to expenditures incurred or cash needs. The third quarter advance is made to the LEA after it submits its midyear expenditure report. If the LEA has expended 40 percent of its total grant award, it is paid another full 25 percent advance (75 percent cumulative award advances). If the LEA reports less than 40 percent of the total grant award expended, it only receives an additional 10 percent advance (60 percent cumulative award advances). The final payment is made to the LEA after it submits the final expenditure report for the remaining amount expended.

The timing and amounts advanced to LEAs does not take their cash needs into consideration. As a result, Education disbursed over \$81 million to LEAs during the fiscal year ended June 30, 2008, without ensuring they minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

Title I Grants to Local Educational Agencies

Education requests advance funds from the federal government and makes three predetermined payment advances to LEAs during the fiscal year. Education receives some expenditure information reported on its annual two-part consolidated application (CONAPP); however, the expenditure information provided is not timely or frequent enough to provide adequate information to Education to effectively assess the cash needs of its LEAs. Part I of this CONAPP is due on the last day of each fiscal year and provides estimates of total program expenditures for that fiscal year. Part II of the CONAPP report contains the actual year-end expenditures but is not due to Education until seven months after the end of the fiscal year.

The timing of the advance payments made to LEAs does not adequately take their cash needs into consideration as minimal expenditure data or input was obtained from them during the award year. As a result, Education disbursed over \$1.6 billion to LEAs during the fiscal year ended June 30, 2008, with no assurances that these subrecipients minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

Safe and Drug-Free Schools and Communities—State Grants

Education requests advance funds from the federal government and makes three predetermined payment advances to LEAs during the fiscal year. Education receives some expenditure information reported on its annual two-part CONAPP; however, the expenditure information provided is not timely or frequent enough to provide adequate information to Education to effectively assess the cash needs of its LEAs. Part I of this CONAPP is due on the last day of each fiscal year and provides estimates of total program expenditures for that fiscal year. Part II of the CONAPP report contains the actual year-end expenditures but is not due to Education until seven months after the end of the fiscal year.

The timing of the advance payments made to LEAs does not adequately take their cash needs into consideration as minimal expenditure data or input was obtained from them during the award year. As a result, Education disbursed over \$35.8 million to LEAs during the fiscal year ended June 30, 2008, with no assurances that these subrecipients minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

Twenty-First Century Community Learning Centers

Education requests advance funds from the federal government and makes three predetermined payment advances to LEAs during the fiscal year. The first 25 percent is advanced at the beginning of the award upon receipt of the current year budget from the LEA. The second and third advances of 25 percent are paid in each subsequent quarter. The fourth quarter advance is 15 percent, leaving 10 percent held until receipt of the final expenditure report. This program requires quarterly expenditure reporting; however, the advanced amounts were not adjusted for amounts spent that were more or less than the advance provided. In order to gain a better understanding of Education's process, we reviewed the cash management process for a subrecipient and compared the amounts advanced and amounts expended at the end of the third quarter. We noted the LEA had received advances totaling 75 percent of the total grant award, but had only expended 27 percent of the total grant award.

The timing and amounts advanced to LEAs does not take their cash needs into consideration. As a result, Education disbursed over \$101 million to LEAs during the fiscal year ended June 30, 2008, without ensuring they minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

English Language Acquisition Grants

Education requests advance funds from the federal government and makes three predetermined payment advances to LEAs during the fiscal year. Education receives some expenditure information reported on its annual two-part CONAPP; however, the expenditure information provided is not timely or frequent enough to provide adequate information to Education to effectively assess the cash needs of its LEAs. Part I of this CONAPP is due on the last day of each fiscal year and provides estimates of total program expenditures for that fiscal year. Part II of the CONAPP report contains the actual year-end expenditures but is not due to Education until seven months after the end of the fiscal year. In addition, the program requires an End-of-Year Expenditure Report, which is due by mid-October after the end of each fiscal year.

The timing of the advance payments made to LEAs does not adequately take their cash needs into consideration as minimal expenditure data or input was obtained from them during the award year. As a result, Education disbursed over \$169 million to LEAs during the fiscal year ended June 30, 2008, with no assurances that these subrecipients minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

Improving Teacher Quality State Grants

Education requests advance funds from the federal government and makes three predetermined payment advances to LEAs during the fiscal year. Education receives some expenditure information reported on its annual two-part CONAPP; however, the expenditure information provided is not timely or frequent enough to provide adequate information to Education to effectively assess the cash needs of its LEAs. Part I of this CONAPP is due on the last day of each fiscal year and provides estimates of total program expenditures for that fiscal year. Part II of the CONAPP report contains the actual year-end expenditures but is not due to Education until seven months after the end of the fiscal year. In addition, the program requires an End-of-Year Expenditure Report, which is due by mid-October after the end of each fiscal year.

The timing of the advance payments made to LEAs does not adequately take their cash needs into consideration as minimal expenditure data or input was obtained from them during the award year. As a result, Education disbursed over \$319 million to LEAs during the fiscal year ended June 30, 2008, with no assurances that these subrecipients minimized the time between the receipt and disbursement of federal funds, which does not comply with federal guidelines.

Questioned Costs

Not determined.

Recommendation

Education should revise its current policies and procedures over the issuance of cash advances to LEAs to include a more effective monitoring of their cash needs with the timing of advance payments to minimize the time elapsing between the advance of federal funds and expenditure by the LEAs.

Department's View and Corrective Action Plan

Education stated it is continually improving its cash management processes for disbursing federal program funds to subrecipients. To further strengthen its processes for disbursing and monitoring federal funds, Education stated it established an internal task force to develop a cash management improvement plan. Education's foremost cash management goals are to: (1) improve cash balance reporting, fiscal monitoring, and funding processes to minimize the time between subrecipients' receipt and disbursement of federal funds and (2) revert interest earned on unspent federal funds back to the U.S. Treasury. To bolster this endeavor, Education stated it is coordinating efforts with members of the U.S. Department of Education, Office of the Secretary, Risk Management Service (RMS), for advice and suggestions on improving cash management over federal funds.

Education's cash management improvement plan calls for subrecipients to submit fiscal information utilizing a Web-based system specifically designed for minimizing the time between a subrecipient's receipt and use of federal funds. The basic methodology behind this plan involves obtaining subrecipient fiscal information on a scheduled basis, disbursing funds in consideration of cash balances, and identifying interest on unspent federal funds. Education expects to commence the cash management improvement plan with a pilot federal program. Once the pilot program is functioning as intended and deemed successful, other federal funded programs will be systematically incorporated into the new cash management processes.

Reference Number:	2008-3-4
Category of Finding:	Cash Management
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A070005; 2006 V002A070005; 2005

Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies
Federal Award Numbers and Years:	S010A070005; 2007 S010A060005; 2006 S010A050005; 2005

Federal Catalog Number:	84.011
Federal Program Title:	Migrant Education—State Grant Program
Federal Award Numbers and Years:	S011A070005; 2007 S011A060005; 2006 S011A050005; 2005

Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities— State Grants
Federal Award Numbers and Years:	Q186A070005; 2007 Q186A060005; 2006 Q186A050005; 2005

Federal Catalog Number:	84.287
-------------------------	--------

Federal Program Title: Twenty-First Century Community Learning Centers
 Federal Award Numbers and Years: S287C070005; 2007
 S287C060005; 2006
 S287C050005; 2005

Federal Catalog Number: 84.357
 Federal Program Title: Reading First State Grants
 Federal Award Numbers and Years: S357C070005; 2007
 S357C060005; 2006
 S357C050005; 2005

Federal Catalog Number: 84.365
 Federal Program Title: English Language Acquisition Grants
 Federal Award Numbers and Years: T365A070005; 2007
 T365A060005; 2006
 T365A050005; 2005

Federal Catalog Number: 84.367
 Federal Program Title: Improving Teacher Quality State Grants
 Federal Award Numbers and Years: S367A070005; 2007
 S367A060005; 2006
 S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 80.21—Payment

- (i) Interest earned on advances. Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination Act (23 U.S.C. 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

Condition

During our procedures performed over cash management, we noted Education had inconsistent policies and procedures in place to ensure its local educational agencies (LEAs) were properly notified of their requirement to return interest earned over \$100 on program advances and to ensure that this interest was returned on at least a quarterly basis. Education forwards any LEA voluntary submissions of earned interest that it receives from its more than 1,000 LEAs to the federal government but does not monitor to ensure the LEAs are complying with this requirement. Based on inquiries with Education, we found that only a small number of LEAs are voluntarily sending it checks to be returned to the federal government. However, based on our review of Education’s cash advances provided to the LEAs

and OMB Circular A-133 audit reports of its LEAs, it would appear that there are a significant number of LEAs that are not voluntarily complying with the requirement to return interest earned on federal cash advances.

Adult Education—Basic Grants to States

Education required the LEAs to certify on the midyear expenditure report that any interest earned on advances over \$100 would be remitted to it. However, Education does not require the LEA to report interest earned on the expenditure report. Our review of the program expenditure reporting mechanisms noted that the midyear expenditure report is not adequately designed to require the LEAs to report the amount of interest earned to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of interest that is required to be submitted to the U.S. Department of Education (ED) on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$81 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Title I Grants to Local Educational Agencies

Education did notify the LEAs of the requirement to return interest earned over \$100 on program advances on its Notice of First Apportionment, as well as include mailing instructions on how to remit payments. LEAs voluntarily send a check to Education, which then forwards those payments to the ED. Through our review of the expenditure reporting mechanisms, we noted that the consolidated application (CONAPP) is not adequately designed to require the LEAs to report interest earned information to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$1.6 billion to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Migrant Education—State Grant Program

We noted Education did not notify the LEAs of the requirement to return interest earned over \$100 on advances to the ED on its grant award notification. Additionally, there are no specific instructions as to where to send these interest payments or the frequency for when they must be sent. Through our review of the expenditure reporting mechanisms, we noted that the Migrant Education Program Expenditure Report Summary is not adequately designed to require the LEAs to report interest earned information to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$120 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Safe and Drug-Free Schools and Communities—State Grants

Education did notify the LEAs of the requirement to return interest earned over \$100 on program advances on its Notice of First Apportionment, as well as include mailing instructions on how to remit payments. LEAs voluntarily send a check for any interest to Education, which then forwards those

payments to the ED. Through our review of the expenditure reporting mechanisms, we noted that the CONAPP is not adequately designed to require the LEAs to report interest earned information to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$35.8 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Twenty-First Century Community Learning Centers

We noted Education did notify the LEAs of the requirement to return interest earned over \$100 on advances to the ED on its grant award notification. The award indicates "grantees should forward interest payment to the ED." However, there are no specific instructions as to where to send these interest payments or the frequency with which they must be sent. We also noted this program's instructions are inconsistent with Education's other programs. Other programs request interest to be sent to Education, which then forwards the payments to ED. We did not identify any monitoring controls in place by Education to determine that its LEAs are complying with this requirement.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of that interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$101 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Reading First State Grants

Education did notify the LEAs of the requirement to return interest earned over \$100 on program advances on its Grant Award Notification (Form AO 400) as well as include mailing instructions on how to remit payments. LEAs voluntarily send a check for any interest to Education, which then forwards those payments to the ED. Through our review of the expenditure reporting mechanisms, we noted that neither the Interim Expenditure Report nor the Request for Payment of a Non-Formula Grant is adequately designed to require the LEAs to report interest earned information to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$101 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

English Language Acquisition Grants

We noted that Education did notify the LEAs of their requirement to return any interest earned over \$100 on program advances on its Notice of First Apportionment, as well as include the mailing instructions on how to remit payments. In addition, its End-of-Year Expenditure Report requires its LEAs to report any annual interest earned on the grant award. For any interest recorded on this report, Education submits a bill to the LEA to collect the interest and then returns the collected amounts to the ED.

Although it appears Education has a process for collecting and remitting interest earned by the LEAs for this program, it is not being done on a quarterly basis as indicated by the federal guidelines. As a result of its current policies and procedures, Education disbursed more than \$169 million without collecting and remitting interest timely to the federal government.

Improving Teacher Quality State Grants

Education did notify the LEAs of the requirement to return interest earned over \$100 on program advances on its Notice of First Apportionment, as well as include mailing instructions on how to remit payments. LEAs voluntarily send a check to Education, which then forwards those payments to the ED. Through our review of the expenditure reporting mechanisms, we noted that the CONAPP is not adequately designed to require the LEAs to report interest earned information to Education.

Without knowledge of the interest earned on the program advances, Education cannot properly monitor compliance with the LEAs' submission of that interest that is required to be submitted to the ED on a quarterly basis to comply with federal requirements. As a result, Education disbursed more than \$319 million to LEAs during the fiscal year ended June 30, 2008, without ensuring interest earned over \$100 on program advances was returned on at least a quarterly basis.

Questioned Costs

Not determined.

Recommendation

Education should enhance its monitoring processes and controls to ensure interest earned on federal program advances over the \$100 allowable limit is returned promptly to the federal government on a quarterly basis, as applicable.

Department's View and Corrective Action Plan

Education includes the federal interest requirements as standard language in various program funding correspondence (apportionment and grant notification letters). As a result, during state fiscal years 2007–08 and 2008–09, Education remitted interest back to the federal treasury on behalf of over 70 LEAs. However, to further notify LEAs to calculate interest correctly and remit interest earned on federal cash advances promptly, Education stated that on December 24, 2008, it initiated written communication on the applicability of the federal requirements for interest earned on federal funds. The written communication will be disseminated to all county and district superintendents, county and district business officials, and charter school administrators.

To provide consistent and complete guidance for all federal education programs, Education stated it will also explore incorporating references to the federal interest requirements (Title 34, *Code of Federal Regulations*, Part 80.21) in other written guidance, such as the *California School Accounting Manual* and the audit guide used by independent certified public accountants conducting Single Audits of LEAs.

Reference Number:	2008-3-5
Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies
Federal Award Number and Year:	S010A070005; 2007
Category of Finding:	Cash Management
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.11—What Requirements Apply to Funding Techniques?

- (a) A state and a federal program agency must minimize the time elapsing between the transfer of funds from the U.S. Treasury and the State's payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

Condition

During our procedures performed over Education's payments made to the subgrantees, we noted that Education requests cash advances (drawdowns) from the federal government and then requests payments to be made to the local educational agencies (LEAs) and subgrantee contractors by the State Controller's Office (SCO). The program falls under the Cash Management Improvement Act (CMIA) with a required funding technique of preissuance for payments to local agencies. The preissuance technique requires the State to disburse cash advances to LEAs not more than three days after the advance is deposited in the state account.

In our sample of 60 drawdowns totaling \$633 million, we noted one drawdown for \$187,500 made on February 15, 2008, that was paid four days after the cash was received by the SCO, which exceeds the three days allowed for preissuance. Education indicated the delay was caused by a new cash management system implementation.

Questioned Costs

Not determined.

Recommendation

Education and/or other state agencies review current policies and procedures over the issuance of cash advances to LEAs to more effectively monitor the cash needs of its LEAs with the timing of the payments to minimize the time elapsing between the advance of federal funds and expenditure by the LEAs.

Department's View and Corrective Action Plan

Education stated it did not deviate from the CMIA policies and procedures that were established by the Department of Finance (Finance) in agreement with the SCO. Although the CMIA report that was submitted to Finance reflects delays as cited by the auditors, the delays were under 10 days. Education stated that Finance does not require it to explain the delays unless payment exceeds 10 days from the time of deposit.

Auditor's Comments on Department's View

The procedures we performed were based on requirements of the federal code of regulations and not based on the State's internal policies and procedures to gather information to prepare the CMIA work sheets for Finance. Although Education may have complied with the State's internal policies of reporting exceptions to Finance, the exception noted was based on tests of the compliance with the terms of the CMIA agreement, which requires disbursements being made within three days of receipt of the funds.

Reference Number:	2008-5-2
Federal Catalog Number:	84.357
Federal Program Title:	Reading First State Grants
Federal Award Numbers and Years:	S357C070005; 2007 S357C060005; 2006 S357C050005; 2005
Category of Finding:	Eligibility
State Administering Department:	Department of Education (Education)

Criteria

TITLE 20—EDUCATION, CHAPTER 70—STRENGTHENING AND IMPROVEMENT OF ELEMENTARY AND SECONDARY SCHOOLS, SUBCHAPTER I—IMPROVING THE ACADEMIC ACHIEVEMENT OF THE DISADVANTAGED, Part B—Student Reading Skills Improvement Grants, Subpart 1—Reading First, Section 6362—Formula Grants to State Educational Agencies

- (c) Subgrants to local educational agencies
 - (6) Limitation to certain schools — In distributing subgrant funds under this subsection, an eligible local educational agency shall provide funds only to schools that both:
 - (A) are among the schools served by that eligible local educational agency with the highest percentages or numbers of students in kindergarten through grade three reading below grade level, based on the most currently available data; and
 - (B) (i) are identified for school improvement under Section 6316(b) of this title; or (ii) have the highest percentages or numbers of children counted under Section 6333(c) of this title.

Condition

During our procedures performed over eligibility of subrecipients, we noted Education determines whether the local educational agency (LEA) meets the "reading below grade level requirement" based on whether the LEA had the highest percentages or numbers of students (defined as 40 percent or 1,000 or more students) reading below or far below basic as reported on Standardized Testing and Reporting (STAR) results. However, we noted that STAR results only include second and third grade students and does not include kindergarten or first grade students. Since the eligible program participants include kindergarten through third grade, using the STAR results alone for its assessment of highest percentages of students that are reading below grade level would not provide sufficient evaluation criteria for the school because it does not include the levels of kindergarten and first grade readers.

Questioned Costs

Not determined.

Recommendation

Education should ensure that its grant award determination process provides for equal opportunity for schools with higher levels of kindergarten and first grade students who are reading below their grade level but are not captured in the STAR.

Department's View and Corrective Action Plan

Education stated it does not concur with this finding. Education's Reading First Plan delineates Education's program administration processes and was approved by the federal government. In addition to the STAR, which is a summative assessment of a student's English language development, Education also utilizes other criteria in determining eligibility. For example, to be eligible for Reading First State Grants program funding, a LEA must be a program improvement school or have 50 percent or more of its students counted for allocation of Title I, Part A, funding.

Education stated it believes that its existing procedures ensure funding is awarded to eligible LEAs with students who are most in need; any errors that may come to Education's attention are promptly addressed and resolved in a timely manner. Although California requires that only second graders and higher be tested through the STAR, once LEAs become eligible for the Reading First State Grants program, they are then required to administer formative assessments every six weeks to monitor the reading skills of students in kindergarten through the third grade.

Auditor's Comments on Department's View

The additional criteria indicated in Education's response regarding program improvement schools is an additional requirement for eligibility, which does not replace the requirement of providing awards to the schools with the highest number of kindergarten through third grade students reading below their grade level. Although Education indicates it administers assessments to kindergarten and first grade students at the schools selected for program participation, these are performed only after the awards are made to the schools. By focusing the assessment of reading below grant level on only 50 percent of the eligible population (for example, second and third grade students), Education does not appear to be ensuring the subgrants are awarded to the schools with the largest populations of students reading below grade level. The U.S. Department of Education (ED) had also noted an exception regarding the exclusion of the kindergarten and first grade students from the State's STAR reports in its Title III program. The ED required corrective action of the February 27, 2006, review finding, which was included as a special condition of the Title III grant award.

Reference Number:	2008-7-4
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A060005; 2006 V002A050005; 2005
Category of Finding:	Matching, Level of Effort—Maintenance of Effort
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.24—Matching or Cost Sharing

- (a) Basic rule: Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
- (1) Allowable costs incurred by the grantee, subgrantee, or a cost-type contractor under the assistance agreement. This includes allowable costs borne by nonfederal grants or by other cash donations from nonfederal third parties.
 - (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.
- (b) Qualifications and exceptions:
- (1) Costs borne by other federal grant agreements. Except as provided by federal statute, a cost sharing or matching requirement may not be met by costs borne by another federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another federal grant.
 - (2) General revenue sharing. For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered federal grant funds.
 - (3) Cost or contributions counted toward other federal costs sharing requirements. Neither costs nor the values of third party in-kind contributions may count toward satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted toward satisfying a cost sharing or matching requirement of another federal grant agreement, a federal procurement contract, or any other award of federal funds.
 - (6) Records. Costs and third-party in-kind contributions counting toward satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors.

Condition

In our procedures performed over reported matching contributions, we reviewed the amounts reported as matched on the Financial Status Reports (FSRs) and requested documentation to support the reported matched expenditures. We noted the program was required to match at least 25 percent of the total amount of federal funds expended for adult education and literacy activities in the State. In addition, there is a program maintenance of effort (MOE) requirement for the fiscal effort per student or the aggregate expenditures for adult education and literacy activities in the second preceding fiscal year to not be less than 90 percent of the fiscal effort per student or the aggregate expenditures in the third preceding fiscal year.

Education reported the same amount for its state match and the MOE on its FSRs. The amount reported exceeded the 25 percent required match; however, Education did not maintain documentation to support the reported amounts. In an effort to recreate the documentation, Education provided California State Accounting and Reporting System (CalSTARS) general ledger reports for three program cost accounts (PCAs), which totaled approximately \$1.4 billion, \$1.3 billion, and \$1.2 billion, respectively, for the three preceding award years.

FSR REPORT HEADING	GRANT AWARD NUMBER	AWARD PERIOD	FSR TOTALS (TOTAL ALLOCATION)	CalSTARS GENERAL LEDGER TOTAL
Nonfederal share of outlays	V002A060005	July 1, 2006, to September 30, 2008	\$628,321,255	\$1,412,490,916
Nonfederal share of outlays	V002A050005	July 1, 2005, to September 30, 2007	593,779,422	1,318,562,098
Nonfederal share of outlays	V002A040005	July 1, 2004, to September 30, 2006	595,992,558	1,182,420,934

Education asserted the matched amounts were a subset of these PCAs but did not identify the subset of expenditures; therefore, we were unable to ascertain that the nature of these matching contributions were from an allowable source, supported adult education and literacy activities, and were not borne by another grant.

Questioned Costs

Not determined.

Recommendation

Education should enhance its policies and procedures to ensure appropriate documentation is maintained to support matching contributions.

Department’s View and Corrective Action Plan

Education has implemented improvements to the Adult Education Office’s MOE and matching documentation procedures. Each year in December an FSR with a MOE equal to the state apportionment budget amounts for the most recent completed fiscal year will be prepared. The state apportionment budget amount represents the amount of funds given to local educational agencies (LEAs) based on reported average daily attendance; however, the actual MOE may change if total LEA actual expenditures are not the same as budgeted amounts. Actual expenditure amounts are not certified and available for release until early March each year for the previous fiscal year. Therefore, in March of each year, after actual LEA expenditures are known, a revised FSR will be prepared to reflect the actual MOE. Education will maintain documentation to support the revised FSR, which will also support the state match contributions.

Reference Number:	2008-7-5
Category of Finding:	Level of Effort—Maintenance of Effort
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies
Federal Award Numbers and Years:	S010A070005; 2007 S010A060005; 2006 S010A050005; 2005

Federal Catalog Number:	84.186
Federal Program Title:	Safe and Drug-Free Schools and Communities— State Grants
Federal Award Numbers and Years:	Q186A070005; 2007 Q186A060005; 2006 Q186A050005; 2005

Federal Catalog Number:	84.287
-------------------------	--------

Federal Program Title: Twenty-First Century Community Learning Centers

Federal Award Numbers and Years: S287C070005; 2007
S287C060005; 2006
S287C050005; 2005

Federal Catalog Number: 84.365

Federal Program Title: English Language Acquisition Grants

Federal Award Numbers and Years: T365A070005; 2007
T365A060005; 2006
T365A050005; 2005

Federal Catalog Number: 84.367

Federal Program Title: Improving Teacher Quality State Grants

Federal Award Numbers and Years: S367A070005; 2007
S367A060005; 2006
S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 299—GENERAL PROVISIONS, Subpart D—Fiscal Requirements, Section 299.5—What Maintenance of Effort Requirements Apply to ESEA Programs?

- (a) General. A Local Educational Agency (LEA) receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the State Educational Agency (SEA) finds that either the combined fiscal effort per student or the aggregate expenditures of state and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year.
- (d) Expenditures
 - (1) In determining an LEA's compliance with paragraph (a) of this section, the SEA shall consider only the LEA's expenditures from state and local funds for free public education. These include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities.
 - (2) The SEA may not consider the following expenditures in determining an LEA's compliance with the requirements in paragraph (a) of this section:
 - (i) Any expenditures for community services, capital outlay, debt service, or supplemental expenses made as a result of a Presidentially declared disaster.
 - (ii) Any expenditures made from funds provided by the federal government.

TITLE 20—EDUCATION, CHAPTER 70—STRENGTHENING AND IMPROVEMENT OF ELEMENTARY AND SECONDARY SCHOOLS, SUBCHAPTER IX—GENERAL PROVISIONS, PART E—Uniform Provisions, Subpart 2—Other Provisions, Section 7901—Maintenance of Effort

- (b) Reduction in Case of Failure to Meet

- (1) In general, the state educational agency shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) of this section by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency).

Condition

1. Education was using unaudited local educational agency (LEA) expenditure figures to calculate compliance with the maintenance of effort (MOE) requirements instead of using the final audited expenditures. Per further inquiry, we noted that LEAs are required to submit their unaudited financial trial balances electronically in the state-required format, Standard Account Code Structure (SACS), to Education by October 15th of each year. These SACS trial balances are then used for all LEA financial measurement calculations (for example, level of effort) performed by Education. The final audited financial statements are submitted in hard copy or electronically to Education through the State Controller's Office by December 15th; however, there is not a required follow-up submission of the final SACS trial balance to Education. The financial statements submitted are not at the level of detail that would allow Education to prepare these fiscal effort calculations. There is no policy or procedure in place to review and reconcile the unaudited SACS trial balance to the final audited financial statement or review of the subsequent-year SACS trial balance submission in the following October for any material adjustments to the fund balance for prior-year audit adjustments.

Education states that it cannot require LEAs to make an additional submission of the final audited expenditure data used to make these fiscal-effort calculations due to state law. However, by using the unaudited figures, there is a risk that material adjustments or omissions may not be adequately reflected and computed in the MOE calculation.

2. Education does not send the final MOE calculations to each LEA annually. Education only performs follow-up on any LEA that fails to maintain fiscal effort. According to the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, which provides audit guidance to auditors of Education's LEAs, since Education prepares the calculation from information provided by the LEAs, the auditors of the LEAs are required to perform procedures to verify that the amounts provided to Education were derived from the books and records from which the audited financial statements were prepared.

Education's current policies or procedures do not include a submission of final fiscal-effort calculations to the LEAs. If these calculations are not provided to the LEAs, their auditors will not be able to provide assurances to Education regarding accuracy of the information used by Education to prepare calculations to determine compliance over this requirement. This is of increased importance due to Education's use of unaudited information as indicated in condition 1.

3. In our procedures performed to determine if Education made appropriate reductions in entitlements for LEAs that did not meet the requirement, we obtained Education's calculations, which determined that eight schools did not meet their required MOE for the 2007-08 funding year. We noted that the MOE calculations are prepared centrally; however, the reductions to the LEAs are processed on the program level.

We noted one of the five programs that were required to make reductions did not process these reductions for the 2007-08 entitlement calculations. This program provided funding to one of the eight schools that Education determined failed its MOE, which resulted in \$51,216 being overawarded to one school for the Twenty-First Century Community Learning Centers Program.

Total exceptions amounted to \$51,216 of the \$215,986 required reductions for MOE failures for the fiscal year ended June 30, 2008.

Questioned Costs

\$51,216 (\$271,499 program entitlement for funding year 2007-08 x 18.864% rate of failure).

Recommendations

Education should enhance its current MOE policies and procedures to ensure that they are compliant with required federal guidelines. Additionally, Education should establish controls to ensure that all required reductions for MOE failures are promptly processed.

Department's View and Corrective Action Plan

Condition 1: Education stated it concurs that, by using unaudited amounts, there is a risk that material adjustments or omissions may not adequately be reflected or computed in MOE calculations; however, Education considers this risk minimal. To further minimize the risk of material adjustments or omissions, Education recently proposed new procedures to be incorporated in the audit guide utilized by independent auditors conducting LEAs' Single Audits. If the proposed procedures are incorporated into the audit guide, auditors will be required to assess the impact of audit adjustments on the MOE calculation. Furthermore, in cases where the impact is material, the auditors will be required to quantify the impact in the audit report so that Education can then take material audit adjustments into account when calculating MOE.

Condition 2: Education stated it does not concur with this finding. The MOE calculation is based on expenditure data submitted by LEAs. Since LEAs have access to the preliminary MOE calculations in the SACS software, Education deems that there is no need to send the final calculation back to the LEA except in instances where the final MOE calculations differ from the preliminary MOE calculations.

Condition 3: Education stated it has procedures in place to appropriately reduce No Child Left Behind allocations to LEAs that fail the MOE requirement on formula-based awards. However, because the Twenty-First Century Community Learning Centers program grants are competitively awarded, as opposed to formula-based, funding adjustments may involve a longer adjustment process. To minimize this process, Education will seek guidance from the federal program office on how to appropriately and more promptly apply reductions or grant offsets on competitively awarded grants due to LEAs not meeting MOE requirements.

Auditor's Comments on Department's View

We disagree with Education's assessment that the LEAs have access to preliminary MOE calculations in the SACS software. Based on inquiries performed with Education's LEAs, they are not aware of how to obtain this specific information since the SACS submission is an entire trial balance of accounts. However, Education's proposed corrective action for condition 1 that includes adding the procedures into the audit guide for the independent auditors would appear to be sufficient to satisfy the deficiencies noted in both conditions 1 and 2 above.

Reference Number:	2008-7-6
Federal Catalog Number:	84.048
Federal Program Title:	Career and Technical Education—Basic Grants to States
Federal Award Numbers and Years:	V048A070005; 2007 V048A060005; 2006 V048A050005; 2005
Category of Finding:	Level of Effort—Maintenance of Effort
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 75—DIRECT GRANT PROGRAMS, Subpart F—What Are the Administrative Responsibilities of a Grantee? Section 75.702—Fiscal Control and Fund Accounting Procedures

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds.

TITLE 20—EDUCATION, CHAPTER 44—VOCATIONAL AND TECHNICAL EDUCATION, SUBCHAPTER III—GENERAL PROVISIONS, PART A—FEDERAL ADMINISTRATIVE PROVISIONS, Section 2391—Fiscal Requirements

(b) Maintenance of Effort

(1) Determination

- (A) In general — Except as provided in subparagraphs (B) and (C), no payments shall be made under this chapter for any fiscal year to a State for vocational and technical education programs or tech-prep programs unless the Secretary determines that the fiscal effort per student or the aggregate expenditures of such State for vocational and technical education programs for the fiscal year preceding the fiscal year for which the determination is made, equaled or exceeded such effort or expenditures for vocational and technical education programs, for the second fiscal year preceding the fiscal year for which the determination is made.
- (B) Computation — In computing the fiscal effort or aggregate expenditures pursuant to subparagraph (A), the Secretary shall exclude capital expenditures, special one-time project costs, and the cost of pilot programs.
- (C) Decrease in Federal support — If the amount made available for vocational and technical education programs under this chapter for a fiscal year is less than the amount made available for vocational and technical education programs under this chapter for the preceding fiscal year, then the fiscal effort per student or the aggregate expenditures of a State required by subparagraph (B) for such preceding fiscal year shall be decreased by the same percentage as the percentage decrease in the amount so made available.

Condition

As part of our audit procedures, we reviewed Education's fiscal year 2007–08 maintenance-of-effort (MOE) requirement for the Career and Technical Education program and noted Education was required to maintain or exceed its level of state-funded expenditures used for career and technical education for the fiscal year 2006–07 compared with the fiscal year 2005–06 on either an aggregate or per-pupil basis.

In our procedures performed over the MOE calculations prepared by Education to support its compliance, we noted it had not included one of its state-funded Career and Technical Education programs for \$6,215,259 in the fiscal year 2006–07 calculation that had been included in the fiscal year 2005–06 calculation. Although we noted that the error made in this calculation would not have caused Education to not achieve its fiscal year 2007–08 MOE requirement, it would have decreased the baseline for the fiscal year 2008–09 measurement by \$6,215,259.

Total state funds expended for career and technical education amounted to \$503,094,501 and \$461,097,617 for the fiscal years ended June 30, 2006, and 2005, respectively.

Questioned Costs

Not applicable.

Recommendation

Education should strengthen its controls over the review and approval of its MOE calculation so that it can ensure the accuracy and completeness of the calculation and ensure compliance with the federal regulations.

Department's View and Corrective Action Plan

Education believes that appropriate controls over the review and approval of MOE calculations are already in place. Each year, Education program staff assemble source binders that include all the program cost accounts (PCAs) federally required to be included in the MOE calculations. In the fall, Education's program office gathers and compiles the MOE data and submits the information to Education's accounting office.

Upon notification of the error, Education corrected the MOE to include the missing PCA. Education ensured that both the program and accounting offices reflect the corrected calculation.

Auditor's Comments on Department's View

We disagree with Education's assessment that appropriate controls are already in place over the review and approval of the MOE calculation. This calculation was approved through Education's current review process and would have been incorrect had we not brought it to Education's attention.

Reference Number:	2008-7-7
Federal Catalog Number:	84.048
Federal Program Title:	Career and Technical Education—Basic Grants to States
Federal Award Numbers and Years:	V048A070005; 2007 V048A060005; 2006 V048A050005; 2005
Category of Finding:	Level of Effort—Supplement not Supplant
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, Part 75—Direct Grant Programs, Subpart F—What Are the Administrative Responsibilities of a Grantee? Section 75.702—Fiscal Control and Fund Accounting Procedures

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds.

TITLE 20—EDUCATION, CHAPTER 44—VOCATIONAL AND TECHNICAL EDUCATION, SUBCHAPTER III—GENERAL PROVISIONS, PART A—FEDERAL ADMINISTRATIVE PROVISIONS, Section 2391—Fiscal Requirements

(a) Supplement Not Supplant

Funds made available under this chapter for vocational and technical education activities shall supplement, and shall not supplant, nonfederal funds expended to carry out vocational and technical education activities and tech-prep activities.

Condition

Education does not have a system in place for monitoring its compliance with its requirement to use program funds to supplement rather than supplant existing funds for its state activities and operations expenditures. Education relies upon certifications from local educational agencies (LEAs) for its portion of expenditures that are subgranted to its LEAs.

In order to ascertain compliance with the required level of effort, we made inquiries with management and obtained expenditure information from Education's California State Accounting and Reporting System (CalSTARS) general ledger reports and tested a sample of expenditures for compliance. Based on the information provided, the expenditures sampled appeared to supplement and not supplant existing funds; however, there are no properly designed controls in place to monitor actual compliance with the requirement. Without policies and procedures in place, there is increased risk that Education may not identify potential noncompliance in a timely manner.

State operations and administrative expenditures subject to this requirement totaled \$9,933,949 for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its current policies and procedures to require an actual calculation of required earmarks be performed to ensure compliance with specified earmarking requirements.

Department's View and Corrective Action Plan

Education stated it does not concur with this condition. Education has processes in place to ensure that federal funds supplement rather than supplant nonfederal funded activities and program costs. On an annual basis, program and budget staff determine any changes in federal and state funding appropriations and the affected programs. Education's Budget Office utilizes this information in developing the department and division budgets, which are used to control and monitor funding by program cost accounts. By capturing the federal and state appropriation changes upfront in the budget processes, Education ensures that federal funds are not being used to supplant any reduction or elimination of nonfederal appropriated activities.

Both program and budget staff monitor the program cost accounts periodically throughout the year to ensure that expenditures do not exceed available funding. In addition, at least twice a year, more often if necessary, budget staff meet with program staff to discuss budget status and any concerns with spending patterns.

Auditor's Comments on Department's View

Education was unable to provide documentation to support that its budgeting assessment processes include consideration of nonsupplanting.

Reference Number:	2008-7-8
Category of Finding:	Earmarking
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.010

Federal Program Title: Title I Grants to Local Educational Agencies
Federal Award Numbers and Years: S010A070005; 2007
S010A060005; 2006
S010A050005; 2005

Federal Catalog Number: 84.011
Federal Program Title: Migrant Education—State Grant Program
Federal Award Numbers and Years: S011A070005; 2007
S011A060005; 2006
S011A050005; 2005

Federal Catalog Numbers: 84.027 and 84.173
Federal Program Titles: Special Education Cluster: Special Education
Grants to States and Special Education
PreSchool Grants
Federal Award Numbers and Years: H027A070116; 2007, H173A070120; 2007
H027A060116; 2006, H173A060120; 2006
H027A050116; 2005, H173A050120; 2005

Federal Catalog Number: 84.186
Federal Program Title: Safe and Drug-Free Schools and Communities—
State Grants
Federal Award Numbers and Years: Q186A070005; 2007
Q186A060005; 2006
Q186A050005; 2005

Federal Catalog Number: 84.287
Federal Program Title: Twenty-First Century Community
Learning Centers
Federal Award Numbers and Years: S287C070005; 2007
S287C060005; 2006
S287C050005; 2005

Federal Catalog Number: 84.357
Federal Program Title: Reading First State Grants
Federal Award Numbers and Years: S357C070005; 2007
S357C060005; 2006
S357C050005; 2005

Federal Catalog Numbers:	84.365
Federal Program Title:	English Language Acquisition Grants
Federal Award Numbers and Years:	T365A070005; 2007 T365A060005; 2006 T365A050005; 2005

Federal Catalog Number:	84.367
Federal Program Title:	Improving Teacher Quality State Grants
Federal Award Numbers and Years:	S367A070005; 2007 S367A060005; 2006 S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 75—DIRECT GRANT PROGRAMS, Subpart F—What Are the Administrative Responsibilities of a Grantee? Section 75.702—Fiscal Control and Fund Accounting Procedures

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds.

Condition

Education does not have appropriately designed controls in place to monitor program earmarking requirements. In addition, it does not perform actual calculations on required earmarks to ascertain if it has complied with required limitations.

In order to ascertain compliance with required earmarking, we obtained expenditure information from Education’s California State Accounting and Reporting System (CalSTARS) general ledger reports and performed calculations to determine if they complied with the requirements for the grant that closed out during the current fiscal year. Based on the expenditure information provided, the multiyear awards for the fiscal year ended September 30, 2006, appeared to fall within the required limitations; however, there are no properly designed controls in place to monitor actual compliance with earmarking requirements.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its current policies and procedures to include an actual calculation of required earmarks to be performed to ensure compliance with specified earmarking requirements.

Department’s View and Corrective Action Plan

Education stated that in November 2007, it added a section to its grant award budget memorandums that identifies the appropriate percentages used to meet the earmarking requirements. This information can be utilized by the accounting office to calculate and verify grant award earmarking allocations. If it is determined that a subgrantee’s actual expenditures significantly differ from the budget, follow-up will be performed to verify that the earmarking requirements have been met.

Auditor's Comments on Department's View

Because Education's budget memorandums are prepared at the beginning of the grant award and are not utilized to monitor budgeted to actual expenditures, this budget memorandum would not be designed appropriately for Education to capture and monitor actual expenditures to ascertain if it had met required earmarks based on actual expenditures and not the initial budgeted expenditures.

Reference Number:	2008-8-1
Category of Finding:	Period of Availability
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A060005; 2006 V002A050005; 2005

Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies
Federal Award Numbers and Years:	S010A070005; 2007 S010A060005; 2006 S010A050005; 2005

Federal Catalog Number:	84.011
Federal Program Title:	Migrant Education—State Grant Program
Federal Award Numbers and Years:	S011A070005; 2007 S011A060005; 2006 S011A050005; 2005

Federal Catalog Numbers:	84.027 and 84.173
Federal Program Titles:	Special Education Cluster: Special Education Grants to States and Special Education PreSchool Grants
Federal Award Numbers and Years:	H027A070116; 2007, H173A070120; 2007 H027A060116; 2006, H173A060120; 2006 H027A050116; 2005, H173A050120; 2005

Federal Catalog Number:	84.048
Federal Program Title:	Career and Technical Education—Basic Grants to States

Federal Award Numbers and Years: V048A070005; 2007
V048A060005; 2006
V048A050005; 2005

Federal Catalog Number: 84.186
Federal Program Title: Safe and Drug-Free Schools and Communities—
State Grants
Federal Award Numbers and Years: Q186A070005; 2007
Q186A060005; 2006
Q186A050005; 2005

Federal Catalog Number: 84.287
Federal Program Title: Twenty-First Century Community
Learning Centers
Federal Award Numbers and Years: S287C070005; 2007
S287C060005; 2006
S287C050005; 2005

Federal Catalog Number: 84.357
Federal Program Title: Reading First State Grants
Federal Award Numbers and Years: S357C070005; 2007
S357C060005; 2006
S357C050005; 2005

Federal Catalog Number: 84.365
Federal Program Title: English Language Acquisition Grants
Federal Award Numbers and Years: T365A070005; 2007
T365A060005; 2006
T365A050005; 2005

Federal Catalog Number: 84.367
Federal Program Title: Improving Teacher Quality State Grants
Federal Award Numbers and Years: S367A070005; 2007
S367A060005; 2006
S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (a) A State must expend and account for grant funds in accordance with state laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the state, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
 - (1) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
 - (2) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.23—Period of Availability of Funds

- (a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

Condition

During our procedures performed over the period of availability requirement, we selected a sample of adjusting journal entries (entries) that were made during the fiscal year to determine if the entries were adequately supported and that the underlying obligations for those entries were allocated to a proper period. We noted Education allocates expenditures between multiple overlapping awards through its use of first in, first out (FIFO) entries. We tested a sample of 60 FIFO entries among multiple programs for our procedures.

We noted that all entries sampled were prepared and posted into Education's California State Accounting and Reporting System (CalSTARS) by the same employee, resulting in a lack of segregation of duties. Additionally, there was no evidence of independent review or approval of these entries. The support provided by Education identifies a listing of claim numbers with totals of expenditures. In tracing the claim numbers down to actual transactions, we generally noted numerous transactions that were paid with the claim numbers identified; however, Education did not indicate which specific transactions in the numerous listings made up the amount transferred.

Adult Education—Basic Grants to States

We selected a sample of three of the 11 FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the entries recorded that carried back expenditures between award years and noted:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
Total LEA subgrant entries not adequately supported	3	2006 to 2005	\$1,664,456	\$2,109,900

The three inadequately supported entries amounted to \$1,664,456. The 11 FIFO entries totaled \$2.8 million out of the \$81 million of total local educational agency (LEA) expenditures for the fiscal year ended June 30, 2008.

Title I Grants to Local Educational Agencies

We selected a sample of five of the seven FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the five entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
SEA administrative entries	2	2006 to 2005	\$10,803,797	\$10,803,797
LEA subgrant entry	1	2006 to 2005	27,611,629	27,611,629
Total entries adequately supported	3		38,415,426	38,415,426
Total LEA subgrant entries not adequately supported	2	2006 to 2005	49,142	241,720,495
Total journal entries sampled	5		38,464,568	280,135,921

The two inadequately supported entries amounted to \$49,142. The seven FIFO entries totaled \$38.5 million out of the \$1.6 billion and \$19.1 million of LEA and State Educational Agency (SEA) expenditures, respectively, for the fiscal year ended June 30, 2008.

Migrant Education—State Grant Program

We selected all three of the FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
SEA administrative entries adequately supported	2	2006 to 2005	\$862,928	\$862,928
LEA subgrant entries not adequately supported	1	2006 to 2005	131,598	1,741,766
Total journal entries sampled	3		994,526	2,604,694

The one inadequately supported entry amounted to \$131,598. The three FIFO entries totaled approximately \$1 million out of the \$120 million and \$1.6 million of LEA and SEA expenditures, respectively, for the fiscal year ended June 30, 2008.

Special Education Cluster

We selected a sample of seven of the 15 FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the seven entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
SELPA subgrant entries	5	2006 to 2005	\$2,392,939	\$65,279,698
SEA administrative entries	2	2006 to 2005	4,941,358	61,494,219
Total entries sampled not adequately supported	7		7,334,297	126,773,917

The seven inadequately supported entries amounted to \$7,334,297. The 15 FIFO entries totaled \$11.5 million out of the \$1.2 billion and \$5.9 million of Special Education Local Plan Area Agency (SELPA) and SEA expenditures, respectively, for the fiscal year ended June 30, 2008.

Career and Technical Education—Basic Grants to States

We selected all four of the FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the four entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
Total LEA subgrant entries not adequately supported	4	2006 to 2005	\$6,650,625	\$30,157,321

The four inadequately supported entries amounted to the \$6,650,625 out of the \$120 million of total LEA expenditures for the fiscal year ended June 30, 2008.

Safe and Drug-Free Schools and Communities—State Grants

We selected a sample of three of the nine FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for those three entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
LEA subgrants entry	1	2006 to 2005	\$2,297,000	\$2,454,659
LEA subgrants entry	1	2007 to 2006	2,000,000	3,201,970
SEA administrative entry	1	2007 to 2006	493,827	509,010
Total entries sampled not adequately supported	3		4,790,827	6,165,639

The three inadequately supported entries amounted to the \$4,790,287. The nine FIFO entries totaled \$5.9 million out of the \$34 million and \$1.5 million of LEA and SEA expenditures, respectively, for the fiscal year ended June 30, 2008.

Twenty-First Century Community Learning Centers

We selected a sample of four of the eight FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the four entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
LEA subgrants entries	2	2006 to 2005	\$16,978,194	\$27,746,224
LEA subgrants entries	2	2007 to 2006	61,000,000	63,956,805
Total entries sampled not adequately supported	4		77,978,194	91,703,029

The four inadequately supported entries amounted to \$77,978,194. The eight FIFO entries totaled \$79 million out of the \$101 million of total LEA expenditures for the fiscal year ended June 30, 2008.

Reading First State Grants

We selected a sample of four of the seven FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the four entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
SEA administrative entries	2	2006 to 2005	\$1,015,255	\$1,863,000
LEA subgrants entries	2	2006 to 2005	25,686,283	30,205,248
Total entries sampled not adequately supported	4		26,701,538	32,068,248

The four inadequately supported entries amounted to \$26,701,538. The seven FIFO entries totaled \$26.8 million out of the \$100.7 million and \$1.6 million of total LEA and SEA expenditures, respectively, for the fiscal year ended June 30, 2008.

English Language Acquisition Grants

We selected all three of the FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
Total LEA subgrant entries not adequately supported	3	2006 to 2005	\$5,945,421	\$12,861,474

The three inadequately supported entries amounted to \$5,945,421. The three FIFO entries totaled \$5.9 million of the \$163 million of total LEA expenditures for the fiscal year ended June 30, 2008.

Improving Teacher Quality State Grants

We selected a sample of six of the seven FIFO entries made during the fiscal year and requested the supporting documentation of the underlying transactions for the six entries recorded that carried back expenditures between award years and noted the following:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNT	SUPPORTING DOCUMENTATION
SEA administrative entries	2	2006 to 2005	\$1,304,593	\$1,304,593
SEA administrative entries	2	2007 to 2006	860,905	860,905
Total entries adequately supported	4		2,165,498	2,165,498
Total LEA subgrant entries not adequately supported	2	2006 to 2005	457,308	18,437,350
Total journal entries sampled	6		2,622,806	20,602,848

The two inadequately supported entries amounted to \$457,308 out of the \$319 million of total LEA expenditures for the fiscal year ended June 30, 2008.

Previous correspondence between Education and the U.S. Department of Education regarding exceptions in prior-year audits indicated that unambiguous support should be maintained to support the FIFO closeout journal entries, "The FIFO method depends upon clear documentation of the transactions falling within the Tydings period. To the extent that a recipient relies on the principles of FIFO accounting, the recipient must also establish that such a method has been consistently used from year to year and must document clearly and unambiguously that the transactions giving rise to the obligations in question arose before the relevant Tydings cutoff date."

Education's policies do not require journal entries to be independently reviewed and approved, nor does it require segregation of duties between the preparer and the recorder of the entry. Without appropriately designed controls in place, there is risk that Education could incorrectly adjust expenditures between grant award years.

We also noted Education's current policies and procedures do not require that documentation be maintained to identify which specific LEAs or SEA expenditures are being adjusted within the FIFO adjustment. Education identifies pools of transactions that it believes are eligible and transfers amounts from those pools; however, since adjustments are made multiple times among multiple award years there is increased risk that LEA expenditures could be adjusted more than once or that those underlying obligations may not have been incurred within the eligible obligation period to which they were adjusted. Without this unambiguous detailed documentation that identifies the specific LEAs to support that they were incurred during the proper period, there is decreased transparency and accountability in the grant award closeout process.

Questioned Costs

Not applicable.

Recommendations

Education should strengthen its policies and procedures to ensure that appropriate segregation of duties is maintained and that adjusting FIFO entries are reviewed and approved. Education should also ensure appropriate documentation is maintained to adequately support adjusting transactions between federal funding years.

Department's View and Corrective Action Plan

Education stated it believes that appropriate segregation of duties and approval processes related to FIFO transactions are in place; however, it has strengthened procedures related to the adjusting FIFO entries by maintaining supporting documentation of the specific transactions with the claim schedules.

Auditor's Comments on Department's View

We disagree with Education's assessment that appropriate segregation of duties and approval processes are in place. Entries prepared and posted into the general ledger without evidence of independent review would not support that appropriate controls are in place. We also disagree with Education's assessment that the documentation now maintained is adequate. Although Education has made some progress in that it now maintains some level of supporting documentation of transactions that are being adjusted, the documentation is usually in material excess of the actual amounts that are transferred. In programs that transfer material amounts of expenditures between fiscal years, there is significant increased risk that transferred expenditures lose their identity and could be transferred more than once or in more than one fiscal year. Manual journal entries pose a significant fraud risk; therefore, strong controls should be in place and transparency in documentation needs to be maintained. Based on the transactions sampled this year, Education has demonstrated that it has the ability to adjust specific transactions and maintain appropriate documentation, but it has not applied that methodology consistently.

Reference Number:	2008-12-3
Category of Finding:	Reporting
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.010

Federal Program Title: Title I Grants to Local Educational Agencies
Federal Award Numbers and Years: S010A070005; 2007
S010A060005; 2006
S010A050005; 2005

Federal Catalog Number: 84.365
Federal Program Title: English Language Acquisition Grants
Federal Award Numbers and Years: T365A070005; 2007
T365A060005; 2006
T365A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (a) A state must expend and account for grant funds in accordance with state laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the state, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
 - (1) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
 - (2) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During our procedures performed over program reporting requirements, we reviewed Education's processes and controls over the reporting of information on the Consolidated State Performance Report (CSPR). We noted that the report submission is centralized; however, the data is gathered from multiple divisions within Education. In order to test the accuracy of the data reported in Parts I and II of the CSPR for reporting on the 2006–07 school year, which were submitted in December 2007 and February 2008, respectively, we selected a sample of 60 line items that reported information regarding multiple programs and requested Education provide documentation to support the numbers that were reported. Education was unable to provide documentation for two of the programs sampled.

Title I Grants to Local Educational Agencies

We noted that Education does not maintain supporting documentation for its submitted CSPR reports. Upon our request to ascertain the accuracy of the information reported, Education recreated information for six of the 15 samples that did not support the numbers that were reported. In addition, Education was not able to provide support for nine of the 15 samples selected.

- The six line items sampled from page 24 of the CSPR with documentation that did not support the numbers reported included the numbers and percentages of its Title I schools and districts and their status on the achievement of adequate yearly progress for the 2006–07 school year.
- Six of the nine unsupported line items from page 27 of the CSPR contained information regarding the numbers of schools and various types of corrective actions implemented.
- The remaining three of the nine unsupported line items from page 27 of the CSRP contained information regarding the numbers of schools with various restructuring actions implemented.

Policies do not appear to be in place that require Education to maintain documentation for required reporting, which resulted in unsupported information reported on the CSPR.

English Language Acquisition Grants

We noted that Education does not maintain supporting documentation for its submitted CSPR reports. Upon our request to ascertain the accuracy of the information reported, Education was able to recreate the information for the five of the 15 samples selected for data that matched the information reported for this program. The information it recreated for four of the 15 samples did not support the numbers that were reported. It was not able to provide support for six of the 15 samples selected.

- The four line items sampled from page 41 of the CSPR with documentation that did not support the number reported contained information regarding the numbers of students with the most commonly spoken language in the State (for example, Spanish, Vietnamese, Filipino, and Cantonese).
- Three of the six unsupported line items from page 45 of the CSPR contained information regarding the English language proficiency results for totals of students who made progress, made no progress, or attained English language proficiency.
- The remaining three of the six unsupported line items from page 48 of the CSPR contained information regarding the numbers of limited English proficiency students in grades that did not achieve adequate yearly progress.

Policies do not appear to be in place that require Education to maintain documentation for required reporting, which resulted in unsupported information reported on the CSPR.

Questioned Costs

Not determined.

Recommendation

Education should enhance its current policies and procedures to require that a detailed review be performed and evidenced as part of its reporting approval process to reduce the risk of material inaccurate reporting and to maintain all supporting documentation for required reporting for the required documentation period.

Department's View and Corrective Action Plan

Education stated it believes that appropriate review and approval processes related to CSPR data submissions are already in place. However, commencing with the December 2008 submission process, Education stated it further enhanced the collection, storage, and maintenance of CSPR data by requiring program offices to maintain supporting elements electronically for three years.

Auditor's Comments on Department's View

We disagree with Education's assessment that appropriate review and approval controls are already in place. Based on the results of our audit procedures, there are no document retention policies or procedures in place to ensure documentation to support required CSPR reporting is maintained.

Reference Number:	2008-12-4
Federal Catalog Number:	84.011
Federal Program Title:	Migrant Education—State Grant Program
Federal Award Numbers and Years:	S011A070005; 2007 S011A060005; 2006 S011A050005; 2005
Category of Finding:	Reporting
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (a) A state must expend and account for grant funds in accordance with state laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the state, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
 - (1) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
 - (2) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During our procedures performed over program reporting requirements, we reviewed Education's processes and controls over the reporting of information on the Consolidated State Performance Report (CSPR), Part I, Migrant Child Counts. We noted that an outside subcontractor gathers the data used to prepare these required reports. Education relies upon the work performed by the outside subcontractor and does not perform any monitoring to ensure the subcontractor's controls in place to gather and compile the information are effective to help ensure the accuracy and completeness of the data supplied to Education. The absence of appropriate monitoring of subcontractors increases the risk of inaccuracies going undetected. However, we noted during our follow-up regarding prior-year findings that Education has a proposed plan to enhance its monitoring of its subcontractor.

We also noted that Education does not maintain supporting documentation for its submitted reports. However, upon our request to determine the accuracy of the information reported, Education was able to obtain information for the samples selected from the outside subcontractor. In tracing the amounts reported on the CSPR to supporting documentation provided by that subcontractor, we noted the 12-month student count of eligible migrant children who can be counted for funding purposes that was reported on Part 1 of the 2006–07 CSPR was 240,942, but the data from the subcontractor report provided entitled "Migrant Student Information Network for 2006–07" indicated 240,907 students. Thus, Education overreported 35 eligible children. There does not appear to be an effective review process in place to ensure the data reported is accurately compiled from the source documentation. Without an effective review and approval process, there is increased risk of reporting errors and inconsistencies.

Questioned Costs

Not applicable.

Recommendations

Education should enhance its current policies and procedures to include that a detailed review be performed and evidenced as part of its reporting approval process to reduce the risk of material inaccurate reporting and to maintain all supporting documentation for required reporting for the required documentation period. In addition, Education should continue with its planned implementation of enhanced monitoring of its subcontractor to ensure accuracy and completeness of the data compiled and provided to it, which is then reported to the federal awarding agency.

Department's View and Corrective Action Plan

Education stated that although it has quality control processes in place, the error referred to by the auditors was a transcription error that was inadvertently not identified by the reviewer. However, to ensure accurate transcriptions in the future, Education will strengthen controls by requiring reviewers to proofread data, initial approval, and maintain hard copies of the CSPR used to support the child count reports.

In addition, Education will continue the planned implementation of enhanced monitoring of its subcontractor by doing the following:

1. Conducting preliminary reviews of final reports to check for accuracy by comparing subgrant reports with data from other student count information provided by each region.
2. Reviewing a sample selection of data submissions by region to check for completeness and accuracy. If discrepancies are identified during this process, the corresponding regional offices will be contacted for resolution. Education may also require regional offices to submit documentation supporting the resolution of identified data discrepancies.

To facilitate and document these enhanced monitoring procedures, Education developed a reporting and approval process and checklist form that will be implemented in state fiscal year 2008–09.

Reference Number: 2008-13-5
 Category of Finding: Subrecipient Monitoring
 State Administering Department: Department of Education (Education)
 Federal Catalog Number: 84.011
 Federal Program Title: Migrant Education—State Grant Program
 Federal Award Numbers and Years: S011A070005; 2007
 S011A060005; 2006
 S011A050005; 2005

Federal Catalog Numbers: 84.027 and 84.173
 Federal Program Titles: Special Education Cluster: Special Education
 Grants to States and Special Education
 PreSchool Grants
 Federal Award Numbers and Years: H027A070116; 2007, H173A070120; 2007
 H027A060116; 2006, H173A060120; 2006
 H027A050116; 2005, H173A050120; 2005

Federal Catalog Number: 84.287
 Federal Program Title: Twenty-First Century Community
 Learning Centers
 Federal Award Numbers and Years: S287C070005; 2007
 S287C060005; 2006
 S287C050005; 2005

Federal Catalog Number: 84.357
 Federal Program Title: Reading First State Grants
 Federal Award Numbers and Years: S357C070005; 2007
 S357C060005; 2006
 S357C050005; 2005

Federal Catalog Number: 84.365
 Federal Program Title: English Language Acquisition Grants
 Federal Award Numbers and Years: T365A070005; 2007
 T365A060005; 2006
 T365A050005; 2005

Federal Catalog Number:	84.367
Federal Program Title:	Improving Teacher Quality State Grants
Federal Award Numbers and Years:	S367A070005; 2007 S367A060005; 2006 S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.37—Subgrants

- (a) States shall follow state law and procedures when awarding and administering subgrants of financial assistance to local and Indian tribal governments. States shall:
- (1) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations;
 - (2) Ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation;
 - (3) Ensure that a provision for compliance with Section 80.42 (retention and access requirements for records) is placed in every cost reimbursement subgrant; and
 - (4) Conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by federal agencies.

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit Requirements; Exemptions

- (f)(2) Each pass-through entity shall:
- (A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the federal requirements which govern the use of such awards and the requirements of this chapter;
 - (B) require each of its subrecipients of federal awards to permit, as a condition of receiving federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

Condition

During our procedures performed over award identification, we were unable to identify controls to ensure that award information was properly communicated to the Local Educational Agencies (LEAs) and Special Education Local Plan Area Agencies (SELPA).

Migrant Education—State Grant Program

We noted the program uses Grant Award Notification (Form AO 400) as its means to communicate award identification to its LEAs. We noted the following errors or omissions in the communication:

- Missing authorizing regulations of Title I, Part C, of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 USC, 6391 through 6399).
- Missing Education Department General Administrative Regulations of 34 CFR, Parts 76, 77, 80, 82, and 85 and 34 CFR, Part 200, Subparts C (34 CFR, Sections 200.81 through 200.88) and E (34 CFR, Sections 200.100 through 200.103), and 34 CFR, Part 299.

As a result, Education disbursed more than \$120 million to LEAs without communicating complete award information for the fiscal year ended June 30, 2008.

Special Education Cluster

We noted the program uses Form AO 400 as its means to communicate award identification to its SELPAs. We noted the following errors or omissions in the communication:

- Missing identification of federal agency as the U.S. Department of Education.
- Missing 34 CFR, Part 300, Assistance to States for the Education of Children with Disabilities.

As a result, Education disbursed more than \$1.16 billion to SELPAs without communicating complete award information for the fiscal year ended June 30, 2008.

Twenty-First Century Community Learning Centers

We noted the program uses Form AO 400 as its means to communicate award identification to its LEAs. We noted the following errors or omissions in the communication:

- Missing identification of federal agency as the U.S. Department of Education.
- Missing Education Department General Administrative Regulations at 34 CFR, Parts 74, 76, 77, 79, 80, 81, 82, 85, and 86.

As a result, Education disbursed more than \$101 million to LEAs without complete award identification for the fiscal year ended June 30, 2008.

Reading First State Grants

We noted the program uses Form AO 400 as its means to communicate award identification to its LEAs. We noted the following errors or omissions in the communication:

- Missing a statement that the Reading First program is authorized by Title I, Part B, Subpart 1, of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (20 USC 6361 et seq.).
- Missing a statement that the program is subject to the Department of Education's General Administrative Regulations at 34 CFR, Parts 76, 77, 80, 82, and 85.

As a result, Education disbursed more than \$101 million to LEAs without communicating complete award information for the fiscal year ended June 30, 2008.

English Language Acquisition Grants

We noted the program uses the Notices of Apportionment, as opposed to Form AO 400, as its means to communicate award identification to its LEAs. We noted the following error or omission in the communication:

- Missing Education Department General Administrative Regulations at 34 CFR, Parts 76, 77, 81, and 82.

As a result, Education disbursed more than \$169 million to LEAs without communicating complete award information for the fiscal year ended June 30, 2008.

Improving Teacher Quality State Grants

We noted the program uses the Notices of Apportionment, as opposed to Form AO 400, as its means to communicate award identification to its LEAs. We noted the following errors or omissions in the communication:

- Included only the name Teacher and Principal Training and Recruiting Fund but did not include the name from the grant award agreement, Improving Teacher Quality State Grants, which is the name that matches the Catalog of Federal Domestic Assistance (CFDA) number that LEAs use for audit identification.
- Missing the regulations for program purpose and definitions in Title II, Part A, of the ESEA, Sections 2101 and 2102 (20 USC 6601 6602), and the accountability provisions in Title II, Part A, Subpart 4, Section 2141 (20 USC 6641).

As a result, Education disbursed more than \$319 million to LEAs without communicating complete award information for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should implement policies and procedures to ensure that complete award information is communicated to its subrecipient LEAs.

Department's View and Corrective Action Plan

In August 2008, Education revised its Form AO 400 and Notice of Apportionment to more clearly identify the sections of the ESEA and Title 34 CFR that apply to federal programs; program-specific requirements are incorporated in the Request for Applications (RFA).

Auditor's Comments on Department's View

Although it is beneficial to incorporate the program-specific requirements into the RFA, this information should be included in the Grant Award Notification (for example, subgrant award document) that would be retained by the LEA.

Reference Number:	2008-13-6
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A060005; 2006 V002A050005; 2005

Federal Catalog Number:	84.010
-------------------------	--------

Federal Program Title: Title I Grants to Local Educational Agencies
Federal Award Numbers and Years: S010A070005; 2007
S010A060005; 2006
S010A050005; 2005

Federal Catalog Number: 84.011
Federal Program Title: Migrant Education—State Grant Program
Federal Award Numbers and Years: S011A070005; 2007
S011A060005; 2006
S011A050005; 2005

Federal Catalog Number: 84.048
Federal Program Title: Career and Technical Education—Basic Grants to States
Federal Award Numbers and Years: V048A070005; 2007
V048A060005; 2006
V048A050005; 2005

Federal Catalog Number: 84.186
Federal Program Title: Safe and Drug-Free Schools and Communities—State Grants
Federal Award Numbers and Years: Q186A070005; 2007
Q186A060005; 2006
Q186A050005; 2005

Federal Catalog Number: 84.287
Federal Program Title: Twenty-First Century Community Learning Centers
Federal Award Numbers and Years: S287C070005; 2007
S287C060005; 2006
S287C050005; 2005

Federal Catalog Number: 84.365
Federal Program Title: English Language Acquisition Grants
Federal Award Numbers and Years: T365A070005; 2007
T365A060005; 2006
T365A050005; 2005

Federal Catalog Number:	84.367
Federal Program Title:	Improving Teacher Quality State Grants
Federal Award Numbers and Years:	S367A070005; 2007 S367A060005; 2006 S367A050005; 2005

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (B) monitor the subrecipient's use of federal awards through site visits, limited scope audits, or other means.
- (C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to federal awards provided to the subrecipient by the pass-through entity.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR
GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS,
Subpart C—Post-Award Requirements—Financial Administration, Section 80.40—Monitoring and
Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Condition

During procedures performed over subrecipient monitoring, we noted Education's Consolidated Program Monitoring (CPM) Unit monitors the program. This unit performs program monitoring site reviews on its subrecipients, where Education selects a subrecipient local educational agency (LEA) and monitors a number of its larger No Child Left Behind programs. During the year ended June 30, 2008, Education performed CPM visits on 154, or approximately 15 percent, of its LEAs.

1. We reviewed Education's policies and procedures regarding its CPM site visits and noted the following:
 - Documentation of the monitoring visit is evidenced by the Cross Program Instrument (CP). This CP is the only official documentation that is retained to support the procedures performed during the monitoring visit. The CPM does not retain detail work paper documentation of the scope of the procedures that are performed (for example, samples tested or interviews performed), to support the conclusions reached. Typically, the only documented evidence for procedures performed are a checkmark next to a type of document reviewed (for example, LEA plan, LEA policies, or complaint records/files), a checkmark next to a level of authority interviewed (for example, staff, parent, or student), and a checkmark next to "meets requirements."
 - The monitoring procedures contained limited fiscal procedures and do not cover all major functions and activities of the program. Procedures performed may be limited to reviewing that the school has a policy rather than selecting a sample of transactions to test the effectiveness of that policy.

- The design of the CPM monitoring instrument contains a section to document the evidence reviewed; however, it only contains check boxes to mark a type of evidence, as opposed to a fill-in section for the reviewer to indicate the scope of the procedures and exact evidence reviewed (for example, selected five students and reviewed the Notification to Parent or reviewed the school's policy for teacher attendance entitled Salaried Employees Bulletin 05 178) to support a more precise account of the procedures performed.
 - The current CPM protocols do not require the CPM team to maintain documentation other than the checkmarks on the instrument, which indicate completion, nor do they require evidence of Education's internal reviews and approvals of the conclusions reached and approvals of the Notifications of Findings issued. By not maintaining adequate documentation of the procedures performed or ensuring that appropriate reviews and approvals are performed, Education is not able to adequately support conclusions reached during its monitoring visits.
 - Education does not have an adequate policy to ensure comprehensive documentation is maintained to support the CPM finding resolution process.
2. We selected a sample of 60 schools monitored between October 2007 and June 2008 and noted that 57 of those 60 schools were issued Notification of Findings reports. We reviewed the support for the follow-up that had been performed on those findings to ascertain if it had been conducted in a timely manner. Education requires schools to respond with a proposed resolution or corrective action plan within 45 days of receipt of the Notification of Findings.
- a. For the 57 schools required to submit a proposed corrective action plan within 45 days, we noted that 31 submitted a plan between 46 and 116 days after the receipt of the Notification of Findings and that five schools submitted no action plan. We also noted no evidence that a CPM administrator or director reviewed 51 of the 60 reviews sampled.
 - b. In reviewing the timeliness of the resolution of these proposed corrective action plans, we noted the following:
 - Of the 57 schools, 19 had either resolved all their outstanding issues in a timely manner or Education was able to provide sufficient documented evidence of follow-up made by its consultants.
 - One of the 57 schools visited had noncompliant findings documented in the corresponding CPM instrument that were not reflected in the Notice of Findings sent to the LEA. This resulted in noncompliant issues not being appropriately addressed.
 - Of the 57 schools, 37 had noncompliant findings that were either a) identified as resolved by CPM and program consultants but not supported, or b) remained unresolved issues with no evidence of follow-up performed by CPM in the last 30 days.

The untimely resolution of outstanding CPM findings appear to be due to a combination of untimely follow-up and ineffective sanctions imposed by Education on its LEAs for untimely implementation of corrective action plans. Without effective repercussions, the LEAs do not have incentive to implement corrective actions in a timely manner. As a result, Education disbursed more than \$2.58 billion out of the total \$2.64 billion in expenditures for the eight programs without adequately ensuring LEAs were expending funds in accordance with federal guidelines for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its current policies, procedures, and monitoring instruments to help ensure that adequate evidence is maintained for monitoring visits performed and that LEAs' proposed corrective actions from those visits are implemented promptly.

Department's View and Corrective Action Plan

To strengthen existing controls, Education conducted the following actions:

Monitoring protocols specify the standard for writing findings—Current CPM protocols require all compliance reviewers to “identify the evidence analyzed to determine compliance or noncompliance.” Also, on January 9, 2008, Education's Categorical Program Monitoring Unit (Categorical Monitoring) advised reviewers to specifically identify the documents, interviews, and observations used as evidence of noncompliance. To further strengthen existing controls, Education is updating the CPM protocols for fiscal year 2008–09 to include instructions on documentation requirements for monitoring Notification of Findings during a CPM field visit.

Categorical Monitoring reviews the findings for each monitoring visit—On January 9, 2008, Categorical Monitoring initiated reviews of the Notifications of Findings for each monitoring visit. The objectives of these reviews are to verify that documentation of the procedures performed (for example, program and fiscal samples tested or interviews and observations) support the reported conclusions and that signed verification documents are maintained with the Notification of Findings. In addition, Education's fiscal year 2008–09 CPM protocols will include “Program Office Administrator Responsibilities,” requiring program administrators to supervise the timely resolution of findings for each assigned CPM field visit.

Education has entered into an agreement with the California Comprehensive Center at WestEd to develop a Web-based compliance tracking system — On December 18, 2007, a meeting between representatives of Education and the California Comprehensive Center at WestEd resulted in the development of a Web-based computerized tracking system to support CPM. The new system will allow LEAs to prepare for CPM on-site visits by completing program instruments online and uploading documents as evidence of compliance. The system will also facilitate prompter follow-up of corrective action by the appropriate Education program manager when a LEA fails to resolve findings of noncompliance within the time period allowed. Education plans to pilot the online reporting system for categorical program monitoring with two regions (Region 4 and Region 10). In July and August 2008, Education sent letters to the county and district superintendents and charter school administrators of the pilot regions to provide notification and details of the new online reporting system.

Reference Number:	2008-13-7
Federal Catalog Numbers:	84.027 and 84.173
Federal Program Titles:	Special Education Cluster: Special Education Grants to States and Special Education PreSchool Grants
Federal Award Numbers and Years:	H027A070116; 2007, H173A070120; 2007 H027A060116; 2006, H173A060120; 2006 H027A050116; 2005, H173A060120; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (B) monitor the subrecipient's use of federal awards through site visits, limited scope audits, or other means.
- (C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to federal awards provided to the subrecipient by the pass-through entity.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR
GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS,
Subpart C—Post-Award Requirements—Financial Administration, Section 80.40—Monitoring and
Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of the grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Condition

During procedures performed over subrecipient monitoring, we noted the program is monitored by Education's Focused Monitoring and Technical Assistance Unit (FMTA), which conducts site visits of its Special Education Local Plan Area Agencies (SELPA's). During the fiscal year ended June 30, 2008, Education performed FMTA visits on 18 of its approximately 1,100 school districts, or approximately 2 percent of the school districts within its SELPA's.

1. We reviewed Education's policies and procedures regarding its FMTA visits and noted the following:
 - These monitoring site visits consisted of programmatic procedures and did not include procedures over fiscal matters to gain assurance on compliance with fiscal requirements of the program.
 - Education requires the school districts to respond with evidence of corrective action within approximately one year of receipt of the Notification of Audit Results in the majority of instances. Allowing such an extended length of time to respond with support for corrective action increases the length of time for the school districts to enact corrective action, thus extending the period of noncompliance.
 - The number of FMTA visits performed does not appear to be sufficient in size to support that this was a representative sample of the population of school districts receiving special education funds. Education does require an annual self-review for 25 percent of its school districts, of which a portion may be selected for an Education follow-up verification review based on information reported in the self-review. However, these reviews also appear to focus on programmatic issues and exclude fiscal matters.
2. We selected a sample of school districts that had been monitored and noted these FTMA monitoring visits were performed between February 2007 and June 2007. We noted all 18 FTMA visits resulted in compliance findings that required corrective action and follow-up. We reviewed the support for the resolution follow-up that had been performed on those findings to ascertain

if it had been completed in a timely manner. Six of the 18 school districts had compliance findings that still were not resolved by November 2008, which is approximately 13 to 19 months from the date of the monitoring visit. For example, we noted the following:

- Education indicated that three of these six FTMA's outstanding compliance findings from April 2007 related to issues that were noted at developmental centers regarding statewide standardized testing. Education continues to work with the Department of Developmental Services in establishing a process for including these centers as part of the statewide testing; however, this issue remains outstanding after 18 months, which does not appear to be timely corrective action.
- Another FTMA outstanding compliance finding was delayed due to the changeover in the consultant that was responsible for this review.

This untimely resolution of corrective actions appears to be the result of the follow-up schedule that is dictated by Education. Allowing an extended length of time to respond with support for corrective action increases the length of time to resolve findings. By not requiring timely follow-up on monitoring visit findings of noncompliance, the period of noncompliance for subrecipients is extended. As a result, Education disbursed more than \$1.16 billion out of the total \$1.19 billion of program expenditures to SELPAs without adequately ensuring they were expending funds in accordance with federal guidelines for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its current policies and procedures over subrecipient monitoring, specifically during-the-award monitoring (for example, monitoring visits), to ensure that all material program elements are covered, including fiscal matters, and that resolution of corrective actions on deficiencies noted during the award monitoring is performed promptly.

Department's View and Corrective Action Plan

To improve the timeliness of corrective actions taken on reported monitoring deficiencies, Education plans to enhance subrecipient monitoring policies and procedures by establishing shorter resolution timelines. To ensure corrective actions are resolved within one calendar year, Education implemented during fiscal year 2008–09 a 45-day timeline for LEAs to resolve student-specific issues, and a 90-day timeline for LEAs to resolve, or implement a plan to resolve, systemic issues. Also, Education is awaiting upcoming federal guidance on incorporating fiscal compliance review procedures as part of special education site monitoring visits.

Education stated it continues to work with the Department of Developmental Services (Developmental Services) in resolving systemic-level monitoring issues at the developmental centers and in revising policies and procedures to align with changes in special education laws. In regard to the three outstanding issues concerning statewide standardized testing for developmental center students, Education is aware that these issues remain outstanding as it works with the Developmental Services in considering testing improvement options in this area. For example, Education is considering the option of school districts entering into memorandums of understanding with the developmental centers to include center students as part of the districts' statewide testing.

Federal Catalog Number:	84.357
Federal Program Title:	Reading First State Grants
Federal Award Numbers and Years:	S357A070005; 2007 S357A060005; 2006 S357A050005; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (B) monitor the subrecipient’s use of federal awards through site visits, limited scope audits, or other means.
- (C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to federal awards provided to the subrecipient by the pass-through entity.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.40—Monitoring and Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of the grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Condition

During procedures performed over subrecipient monitoring, we noted Education outsources its monitoring to California Technical Assistance Centers (C-TAC). C-TAC performs program monitoring site reviews of the local educational agencies (LEAs). Per its contract with Education, C-TAC is required to perform three site visits per school district a year. We noted the following compliance issues with Education’s monitoring process:

1. We obtained a copy of Education’s contract with C-TAC and noted the responsibilities listed in the contract refer to program implementation and not program or fiscal subrecipient monitoring. C-TAC uses a standardized monitoring instrument similar to a checklist that details the areas required to be reviewed during a visit. We noted this monitoring instrument is focused on assisting with program implementation, but does not contain procedures to ensure that the LEAs comply with laws, regulations, and the provisions of contracts or grant agreements, achieve performance goals or comply with fiscal requirements.
2. C-TAC does not have any type of summary reports of findings to provide the LEAs or Education to document any issues noted or to convey deadlines to resolve any issues. C-TAC follows up on any implementation issues noted at its site review during its next scheduled site visit. Education is provided with a new monitoring instrument completed during the next visit.

3. Education requires that LEAs submit summarized final expenditure reports and program reports. Education reviews the summarized narratives in these reports as its evidence that LEAs are expending funds in accordance with federal guidelines. It has no processes in place to review any detail of reported expenditures on a sample basis to ensure that federal funds were expended in accordance with U.S. Office of Management and Budget, *Cost Principles for State and Local Governments* (OMB Circular A-87).

As a result, Education disbursed more than \$101 million out of the total \$102 million of program expenditures to LEAs without adequately ensuring LEAs were expending funds in accordance with federal guidelines for the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendations

Education should enhance its current policies and procedures over subrecipient monitoring, specifically during-the-award monitoring (for example, monitoring visits), to ensure that all material program elements are covered, including fiscal, and a formalized process is set up to follow up on and resolve issues promptly. Education should also enhance its procedures to include a review of the expenditure reports to ensure program funds are used in accordance with authorized purposes.

Department's View and Corrective Action Plan

Education stated it will continue to effectively work with the C-TAC and Reading First Regional Technical Assistance Centers (R-TACs) in overseeing and in improving the monitoring of LEAs involved in the Reading First program. As part of the current monitoring process, Education and the R-TACs provide technical assistance to LEAs in building capacity to implement the Reading First program and to raise achievement gains. Education will enhance current monitoring procedures by requiring monitors to not only determine if all material program elements are covered, but also to determine that program funds are expended in accordance with authorized purposes. Education will work with the C-TAC and R-TACs in developing procedures that will facilitate the monitors in making reasonable fiscal determinations and promptly following up on known issues.

Reference Number:	2008-13-9
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)
Federal Catalog Number:	84.002
Federal Program Title:	Adult Education—Basic Grants to States
Federal Award Numbers and Years:	V002A070005; 2007 V002A060005; 2006 V002A050005; 2005

Federal Catalog Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies

Federal Award Number and Years: S010A070005; 2007
S010A060005; 2006
S010A050005; 2005

Federal Catalog Number: 84.011
Federal Program Title: Migrant Education—State Grant Program
Federal Award Numbers and Years: S011A070005; 2007
S011A060005; 2006
S011A050005; 2005

Federal Catalog Numbers: 84.027 and 84.173
Federal Program Titles: Special Education Cluster: Special Education
Grants to States and Special Education
PreSchool Grants
Federal Award Numbers and Years: H027A070116; 2007, H173A070120; 2007
H027A060116; 2006, H173A060120; 2006
H027A050116; 2005, H173A060120; 2005

Federal Catalog Number: 84.048
Federal Program Title: Career and Technical Education—Basic
Grants to States
Federal Award Numbers and Years: V048A070005; 2007
V048A060005; 2006
V048A050005; 2005

Federal Catalog Number: 84.186
Federal Program Title: Safe and Drug-Free Schools and
Communities—State Grants
Federal Award Numbers and Years: Q186A070005; 2007
Q186A060005; 2006
Q186A050005; 2005

Federal Catalog Number: 84.287
Federal Program Title: Twenty-First Century Community
Learning Centers
Federal Award Numbers and Years: S287C070005; 2007
S287C060005; 2006
S287C050005; 2005

Federal Catalog Number: 84.357
 Federal Program Title: Reading First State Grants
 Federal Award Numbers and Years: S357A070005; 2007
 S357A060005; 2006
 S357A050005; 2005

Federal Catalog Number: 84.365
 Federal Program Title: English Language Acquisition Grants
 Federal Award Numbers and Years: T365A070005; 2007
 T365A060005; 2006
 T365A050005; 2005

Federal Catalog Number: 84.367
 Federal Program Title: Improving Teacher Quality State Grants
 Federal Award Numbers and Years: S367A070005; 2007
 S367A060005; 2006
 S367A050005; 2005

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart B—Pre-Award Requirements, Section 80.12—Special Grant or Subgrant Conditions for “High Risk” Grantees

- (a) A grantee or subgrantee may be considered “high risk” if an awarding agency determines that a grantee or subgrantee:
- (1) Has a history of unsatisfactory performance;
 - (2) Is not financially stable;
 - (3) Has a management system, which does not meet the management standards set forth in this part;
 - (4) Has not conformed to terms and conditions of previous awards; or
 - (5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high-risk condition and shall be included in the award.
- (b) Special conditions or restrictions may include:
- (1) Payment on a reimbursement basis;
 - (2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period;
 - (3) Requiring additional, more detailed financial reports;
 - (4) Additional project monitoring;

- (5) Requiring the grantee or subgrantee to obtain technical or management assistance; or
 - (6) Establishing additional prior approvals.
- (c) If an awarding agency decides to impose such conditions, the awarding official will notify the grantee or subgrantee as early as possible, in writing, of:
- (1) The nature of the special conditions/restrictions;
 - (2) The reason(s) for imposing them;
 - (3) The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions; and
 - (4) The method of requesting reconsideration of the conditions/restrictions imposed.

Condition

In our review of Education's policies and procedures regarding its monitoring of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* (OMB Circular A-133) audit reports received by its subrecipients, we noted it does not have an effective policy that addresses continued subrecipient noncompliance or other high-risk behavior either on a program-specific level or on a departmentwide level. In our review of OMB Circular A-133 audit reports received by Education, we noted some of its local educational agencies (LEAs) and Special Education Local Plan Area Agencies (SELPAs) reports contained findings of material noncompliance that were repeated over several years.

As the pass-through entity, Education is responsible for ensuring that its LEAs and SELPAs take appropriate and timely corrective action on all audit findings, using sanctions when appropriate to discourage continued noncompliance. This continued LEA/SELPA noncompliance appears to be a result of a lack of effective oversight by Education to either require these LEAs/SELPAs to obtain additional management or technical assistance or impose sanctions to encourage appropriate and timely corrective action to be implemented. Identification of higher-risk LEAs/SELPAs is a critical component in determining the extent of monitoring procedures to be performed by Education and by the LEAs' auditors in their OMB Circular A-133 audits.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its policies and procedures for identifying and encouraging timely and appropriate corrective action for its LEAs/SELPAs that demonstrate continued uncorrected material noncompliance or other high-risk behaviors.

Department's View and Corrective Action Plan

Education stated its policy regarding subrecipients' OMB Circular A-133 audit findings is for subrecipients to clear audit findings as soon as reasonably possible. Education enhanced monitoring and evaluation procedures by posting LEAs' OMB Circular A-133 audit findings on its intranet. To further enhance monitoring and evaluation procedures, Education will also enhance its audit tracking system so that high-risk grantees, such as the LEAs with repeat material compliance audit findings, can be communicated to program staff. Program staff can utilize the OMB Circular A-133 audit finding information in assessing risk with regard to an LEA's operations, accounting systems, program compliance, or financial conditions. This information can also be used by program staff to offer training and impose special conditions or restrictions on LEAs to help ensure compliance with program regulations.

In consideration of the available sanctions and special conditions allowed by federal rules and regulations, Education will develop department-wide policies and procedures to assist program staff in selecting the most effective options in encouraging timely corrective action by LEAs.

Reference Number:	2008-14-3
Federal Catalog Number:	84.011
Federal Program Title:	Migrant Education—State Grant Program
Federal Award Numbers and Years:	S011A070005; 2007 S011A060005; 2006 S011A050005; 2005
Category of Finding:	Special Tests and Provisions— Subgrant Process
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 75—DIRECT GRANT PROGRAMS, Subpart F—What Are the Administrative Responsibilities of a Grantee? Section 75.702—Fiscal Control and Fund Accounting Procedures

A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds.

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (2) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During our procedures performed over the subgrant process, we reviewed Education's processes and controls to ensure the accuracy of the amounts awarded and that the calculation takes into account the numbers and needs of migratory children, priority-for-services, and availability of other funding. We noted that an outside subcontractor prepares the funding formula. Education relies upon the work performed by the outside subcontractor and does not perform any monitoring to ensure the subcontractor's processes are in place and effective to help ensure the accuracy of the funding formula it supplies to Education.

Education does not have a policy in place to monitor the outside subcontractor or to test the information it provided during the fiscal year under audit. The absence of appropriate monitoring increases the risk of inaccuracies going undetected. However, we noted during our follow-up regarding prior-year findings that Education has a proposed plan to enhance its monitoring of its subcontractor.

Questioned Costs

Not applicable.

Recommendation

Education should implement its proposed plan to enhance its current policies and procedures to ensure that all quality control processes reported are carried out as described.

Department’s View and Corrective Action Plan

Education stated it has strengthened quality control procedures over the reporting approval process by requiring regional offices to validate student count data. Once the prior year’s student counts are established, Education meets with subcontractors to preliminarily review final reports for accuracy by comparing the subgrant reports with data from other reports provided by each region.

To further strengthen quality control processes, each year Education plans to select a sampling of data submissions by region to verify completeness and accuracy. If discrepancies are identified, corresponding regional offices will be contacted for resolution and Education will retain the source documents used to validate the selected data submissions.

Reference Number:	2008-14-4
Federal Catalog Number:	84.011
Federal Program Title:	Migrant Education—State Grant Program
Federal Award Numbers and Years:	S011A070005; 2007 S011A060005; 2006 S011A050005; 2005
Category of Finding:	Special Tests and Provisions—Child Counts
State Administering Department:	Department of Education (Education)

Criteria

TITLE 34—EDUCATION, PART 80—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS, Subpart C—Post-Award Requirements—Financial Administration, Section 80.20—Standards for Financial Management Systems

- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
 - (2) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During our procedures performed over the review of the Consolidated State Performance Report (CSPR), Part I, Migrant Child Counts, we reviewed the description of the quality control process to ascertain if Education had carried out the quality control process as described in the report.

The quality control process description indicated, “The State Categorical Program Monitoring (CPM) process includes random sampling and review of Certificates of Eligibility (COEs).” However, when we reviewed the monitoring instrument used by Education entitled “No Child Left Behind (NCLB), Title I, Part C: Education of Migrant Children and California Migrant Education (ME) Instrument for Categorical Program Monitoring (CPM): An Ongoing Monitoring Process (revision 9/19/07)”, we noted it did not contain any planned procedures regarding sampling or review of participant COEs, as was indicated in the quality control process description in the CSPR.

Questioned Costs

Not applicable.

Recommendation

Education should update its CPM monitoring instrument to include its planned quality control procedures over participant COEs to ensure that all quality control processes reported are carried out as described.

Department’s View and Corrective Action Plan

Education stated it will improve the CPM monitoring instrument in accordance with the upcoming final program determinations made by the U.S. Department of Education regarding the Office of Inspector General’s 2006 audit entitled *California Department of Education’s Migrant Education Program*. Education’s planned monitoring improvements include implementation of annual statewide prospective re-interviews to validate current-year child eligibility determinations through the re-interview of a randomly selected sample of children currently identified as migratory to improve quality control processes and to ensure correct eligibility determinations.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Reference Number:	2008-1-3
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 19, SOCIAL SECURITY ACT—GRANTS TO STATE FOR MEDICAL ASSISTANCE PROGRAMS, Section 1927—Payment for Covered Outpatient Drugs

- (b) Terms of Rebate Agreement
 - (2) State Provision of Information
 - (A) State Responsibility. Each state agency under this title shall report to each manufacturer not later than 60 days after the end of each rebate period and in a form consistent with a standard reporting format established by the Secretary, information on the total number of units of each dosage form, strength and package size of each covered outpatient drug dispensed after December 31, 1990, for which payment was made under the plan during the period, and shall promptly transmit a copy of such report to the Secretary.

Condition

Drug manufacturers/labelers are required to provide a listing of all covered outpatient drugs to the Centers for Medicare and Medicaid Services (CMS) and, on a quarterly basis, provide their average manufacturer's price and their best price for each covered outpatient drug. Based upon this data, CMS calculates a unit rebate amount for each drug and provides the rebate information to the states. CMS provided the third quarter 2007 (July to September 2007) drug data on December 13, 2007, and the fourth quarter 2007 (October to December 2007) drug data on March 5, 2008.

The State Medicaid Agency is required to provide to drug manufacturers/labelers the drug utilization data no later than 60 days after the end of the quarter. Thus, drug utilization data should have been mailed to the labelers by the State Medicaid Agency by November 29, 2007, for the third quarter of 2007 calendar year and by February 29, 2008, for the fourth quarter. However, in our procedures performed over 25 rebate invoices sampled related to the third and fourth quarters of 2007, we noted that Health Care Services provided the drug utilization data to labelers for the third quarter on December 13, 2007, which is 14 days late and mailed the data on March 5, 2008, for the fourth quarter, which is five days late.

Total combined federal and state drug rebates billed for the third and fourth quarters amounted to \$175.7 million and \$239 million, respectively, for the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Health Care Services should ensure that drug utilization data are provided to drug manufacturers/labelers on a timely basis (for example, no later than 60 days after the end of the quarter) and to proactively monitor the receipt of payment from labelers.

Department's View and Corrective Action Plan

Health Care Services stated it continues to review the invoicing process and all potential areas in which it could reduce the time it takes to produce, review, and generate all invoices produced by the Rebate Accounting and Information System. Health Care Services is implementing a system logic change that will reduce the amount of manual review time required for blood factor claims by one week, thus allowing the invoices to be mailed more promptly. At this time, the system logic change is expected to be implemented in April 2009. In addition, Health Care Services has implemented a second printer so that the time required for printing the physical invoices is reduced by four days. Health Care Services recommends that, as the number of labelers for which a state must produce a drug utilization report grows and the number of program types required to participate in the drug rebate are added, such as physician drugs, CMS should consider expanding the timeline necessary to produce and mail these reports to the drug manufacturers. Finally, Health Care Services believes CMS should consider changing the requirements to reflect working days rather than calendar days.

Reference Number:	2008-1-4
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Activities Allowed/Allowable Costs
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87), Attachment A—General Principles for Determining Allowable Costs, Part C—Basic Guidelines

- (1) Factors affecting allowability of costs. To be allowable under federal awards, costs must meet the following general criteria:
 - (a) Be necessary and reasonable for proper and efficient performance and administration of federal awards.

CALIFORNIA CODE OF REGULATIONS, TITLE 22, Section 51476

Each provider shall keep, maintain, and have readily retrievable, such records as are necessary to fully disclose the type and extent of services provided to a Medi-Cal beneficiary. Required records shall be made at or near the time at which the service is rendered.

DEPARTMENT OF HEALTH SERVICES PROVIDER MANUAL—PROVIDER REGULATIONS

Medi-Cal requires providers to agree to keep necessary records for a minimum period of three years from the date of service to disclose fully the extent of services furnished to the patient. The provider also must agree to furnish these records and any information regarding payments claimed for providing the services, on request, to the California Department of Health Services.

Condition

In our procedures performed over expenditures charged to the program, we selected a sample of fee-for-service claims and utilized Health Care Services' Medical Review Branch of trained medical professionals to ascertain that each expenditure was for an allowable service rendered and was supported by medical records or other evidence, indicating that the service was actually provided and consistent with the medical diagnosis. In our sample of 50 fee-for-service claims, six did not appear to be for an allowable service. These exceptions are noted as follows:

- Five paid claims were not deemed medically necessary.
- One claim did not have sufficient documentation to support whether the required medical procedures were rendered to the beneficiary.

Questioned Costs

\$17,828 of the \$347,426 sampled fee-for-service Medi-Cal claims from the \$9.8 billion fee-for-service claims paid during the fiscal year ended June 30, 2008.

Recommendations

Health Care Services should strengthen its internal controls to ensure only medically necessary claims and eligible providers are paid. Health Care Services should also strengthen its internal control process to detect providers in violation of record retention rules.

Department's View and Corrective Action Plan

Annually, Health Care Services processes and pays more than 200 million fee-for-service claims. The verification of each of the 200 million fee-for-service claims processed and paid annually for adequacy of documentation would not be financially feasible. Health Care Services agrees that a level of surveillance and control is necessary to ensure only medically necessary claims and eligible providers are paid. Health Care Services also agrees that an internal control process is needed to detect providers in violation of record retention rules.

In an effort to maximize claims monitoring efficiency, staff, and resources, Health Care Services has developed several pre- and post-payment reviews to identify violations and, if warranted, expand the scope of reviews:

Random Claims Review (RCR) is a pre-payment review of randomly selected claims. Claims are randomly selected each week for review and the provider is required to submit supporting documentation before the claim is paid. RCRs have aided Health Care Services in identifying providers that do not maintain adequate supporting documentation for services billed to the Medi-Cal program. Denial of payment and further reviews will be performed to verify the adequacy of supporting documentation for claims submitted based on results of RCR reviews.

Health Care Services has developed four different post-payment reviews: Self-Audits, Desk Audits, Field Audit Reviews, and Audits for Recovery. The type of review is based on materiality (for example, the amount of the provider's utilization in the Medi-Cal program). For all post-payment reviews, providers are asked to submit records to support Medi-Cal billings and payments made during a review period.

The review period is within the prescribed record retention period as specified in the provider manual. If the provider is unable to supply the supporting documents, recoveries for the unsupported services are made and/or recommendations are made for a more detailed review and possible sanctions.

Health Care Services has also carried out provider education reviews to aid in the identification of potential problems and issues that were common among the same provider type. The Medi-Cal Payment Error Rate Study (MPES) has been one of the tools used to identify any potential problem trends. In the last four years of conducting the MPES, Health Care Services has been able to identify significant documentation issues with pharmacies, adult day health centers, and local educational agencies (LEA). Based on the findings of the MPES, Health Care Services developed the Pharmacy Outreach Project, which consisted of conducting visits of 2,000 pharmacies to determine if the pharmacy maintains proper and adequate documentation to support their Medi-Cal billings. The findings were shared with the providers to educate them and prevent future errors. As a result of the MPES findings, an extended review of the LEA was conducted by the State Controller's Office and will be part of the MPES 2007 report.

Health Care Services has consistently and aggressively addressed the issues of monitoring and controls to ensure that only medically necessary claims and eligible providers are paid and that the providers are observing the record retention rules.

Of the 50 claims selected and reviewed, it was determined that there were exceptions for six of the claims: five of the claims were not deemed medically necessary and the services for one claim were not documented properly. Recoveries for the paid amounts will be requested from the six providers where exceptions were found. In addition, it will be determined if additional reviews are needed for the providers where exceptions were found.

Reference Number:	2008-2-2
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 455—PROGRAM INTEGRITY: MEDICAID,
Subpart A—Medicaid Agency Fraud Detection and Investigation Program, Section 455.18—Provider's Statements on Claims Forms

- (a) Except as provided in Section 455.19, the agency must provide that all provider claims forms be imprinted in boldface type with the following statements, or with alternate wording that is approved by the Regional CMS Administrator:
- (1) "This is to certify that the foregoing information is true, accurate, and complete."

- (2) "I understand that payment of this claim will be from federal and state funds, and that any falsification, or concealment of a material fact, may be prosecuted under federal and state laws."
- (b) The statements may be printed above the claimant's signature or, if they are printed on the reverse of the form, a reference to the statements must appear immediately preceding the claimant's signature.

Condition

Electronic Data Systems (EDS) is the fiscal intermediary that processes all fee-for-service provider claims submitted through the California Medicaid Management System. A requirement for billing claims to Medi-Cal is the certification of the claim. This certification is the provider's assertion that the facts in the claim are true and accurate. The agreement states, "The services were, to the best of the Provider's knowledge, medically indicated and necessary to the health of the patient . . . (and) all information submitted electronically is accurate and complete."

To verify certification of the claims, we obtained the Computer Media Claims (CMC) agreements for each of the 50 fee-for-service provider claims sampled and reviewed them for the proper signatures. We noted one of the 50 CMC agreements was missing the signature page for the drug sample selected.

Questioned Costs

\$263 of the \$347,426 fee-for-service provider claims sampled from the \$9.8 billion total fee-for-service provider claims paid during the fiscal year ended June 30, 2008.

Recommendation

Health Care Services should strengthen its internal controls to ensure that it signs a CMC agreement with the provider.

Department's View and Corrective Action Plan

Health Care Services agrees that enhanced internal control efforts can ensure that a CMC agreement is signed between the provider and Health Care Services. The noted exception was the result of a failure to scan both sides of a CMC agreement.

All provider CMC agreements for electronic billing are submitted to EDS and it reviews CMC agreements for all required information based upon written protocols from Health Care Services. Once approved, the Provider Enrollment Division (PED) receives CMC provider-approved reports from EDS, where they undergo 100 percent review and are then used to update the Provider Master File.

The approved CMC agreements are batched and transported to PED, where PED staff separate each CMC agreement by provider National Provider Identifier and re-review the signature before scanning into an internal provider database.

Currently, PED is in discussions with EDS to modify the CMC agreement review process and potentially create a process whereby EDS will do on-site scanning of all CMC agreements.

Reference Number:	2008-2-3
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)

Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Allowable Costs/Cost Principles
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 2—GRANTS AND AGREEMENTS, PART 225—*COST PRINCIPLES OF STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS* (OMB CIRCULAR A-87), Attachment A—General Principles for Determining Allowable Costs, Part C—Basic Guidelines

- (1) Factors affecting allowability of costs. To be allowable under federal awards, costs must meet the following general criteria:
 - (a) Be necessary and reasonable for proper and efficient performance and administration of federal awards.

Condition

During our procedures performed over the Medi-Cal program, we reviewed available audit and investigation reports to the program that were published and released during the fiscal year ended June 30, 2008. The following is a summary of the findings cited in the third annual Medi-Cal Payment Error Study (MPES) performed during the fiscal year 2005–06:

The sampling universe consists of Medi-Cal fee for service (FFS) claims paid through the fiscal intermediary, Electronic Data Systems (EDS), as well as dental claims paid, during the period of April 1, 2006, through June 30, 2006 . . . There are 1,147 claims in the sample. The sample size was extracted from a universe of 20,272,035 Medi-Cal claims . . . Proportional allocation of the sample size was used to determine the sample size from each stratum ensuring a minimum sample size of 50 claims for each stratum.

(The results of the MPES indicated that) 7.27 percent of the total dollars paid had some indication that they contained a provider error . . . The 7.27 percent equates to \$1.2 billion of the total \$18 billion in annual payments made for FFS medical and dental services in calendar year 2006, and represents the percentage of payment error attributable to Medi-Cal program dollars “at risk” of being paid inappropriately due to findings related to such factors as a lack of medical necessity, abuse, or fraud . . . Of the total payments, 2.75 percent, or \$445 million, were for claims submitted by providers that disclosed characteristics of potential fraud.

Of the payments for claims with errors, 45 percent were for claims with insufficient documentation. This means that the documentation presented by the provider did not support the services claimed.

A total of 41 percent of all payments for claims with errors were for claims in which the provider’s documentation did not support medical necessity for the services billed, meaning the services did not need to be provided. There were no claims processing errors identified.

(Unlike MPES 2005), the MPES 2006 did not include a review to determine if FFS beneficiaries were eligible for Medi-Cal at the time the beneficiary received services. A separate review to determine eligibility of Medi-Cal beneficiaries is being performed in accordance with the requirements of the federal Payment Error Rate Measurement (PERM) program.

Based on the error percentage related to Medi-Cal payments, the risk of noncompliance with allowable costs and activities is considered material.

Recommendations

Health Care Services should strengthen its internal controls to ensure only medically necessary claims are paid. Health Care Services should also strengthen its internal control process to detect providers in violation of record retention requirements.

Department’s View and Corrective Action Plan

Health Care Services concurs with the above recommendation and will continue to implement the corrective action steps outlined in the MPES 2005–06.

The annual MPES provides opportunities for identifying new patterns of payment errors and areas of potential fraud, waste, and abuse in the Medi-Cal program. The MPES findings reinforce the need to continuously and systematically identify those areas of the program most vulnerable to fraud and abuse, and to use these findings to guide Health Care Services in its allocation of fraud control resources and its development of innovative anti-fraud strategies and fraud prevention tools.

The MPES 2005–06 identified newly emerging fraud and abuse patterns. Health Care Services initiated corrective actions for all providers identified in the study against which actions are warranted. In addition, Health Care Services took additional actions to focus anti-fraud efforts on those areas identified by the study as most vulnerable to fraud and abuse. These additional actions included the following: on-site reviews of 2,000 pharmacies, expanded use of new technology to better identify potential fraud schemes, reform of the Adult Day Health Care program, an increase in the number of investigational and routine field compliance audits, an independent review of the Local Educational Agencies by the State Controller’s Office, and development of a joint action plan with provider regulatory boards and provider associations to address providers claiming errors identified as potential fraud and abuse.

The MPES is available at: www.dhcs.ca.gov/individuals/pages/auditsinvestigations.aspx.

Reference Number:	2008-3-6
Category of Finding:	Cash Management
State Administering Department:	California Department of Public Health (Public Health)
Federal Catalog Number:	93.917
Federal Program Title:	HIV Care Formula Grants
Federal Award Numbers and Years:	2X07HA00041-18-00; 2008 6X07HA00041-17-02; 2007

Federal Catalog Number:	93.283
Federal Program Title:	Centers for Disease Control and Prevention— Investigations and Technical Assistance
Federal Award Numbers and Years:	5U90TP917016-08; 2007 5U90TP917016-07; 2006

Federal Catalog Number:	93.889
Federal Program Title:	National Bioterrorism Hospital Preparedness Program
Federal Award Numbers and Years:	U3REP070041-01-03; 2007 U3RHS007572-01-03; 2006 U3RHS05953-01-01; 2005 U3RHS03890-01-05; 2004

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY—CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart B—Rules Applicable to Federal Assistance Programs Not Included in a Treasury -State Agreement, Section 205.33—How Are Funds Transfers Processed?

- (a) A state must minimize the time between the drawdown of federal funds from the federal government and their disbursement for federal program purposes. A Federal Program Agency must limit a funds transfer to a state to the minimum amounts needed by the state and must time the disbursement to be in accord with the actual, immediate cash requirements of the state in carrying out a federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (b)(7) Cash Management. Procedures for minimizing the time elapsed between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to ensure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.21—Payment

- (b) Basic standard. Method and procedures for payment shall minimize the time elapsing between transfer of funds and disbursement by the grantee, in accordance with treasury regulations at 31 CFR Part 205.

Condition

During our procedures performed over cash management requirements and Public Health's payments to its subrecipients/vendors, we reviewed a sample of invoices for any reimbursement amount due back to ascertain if Public Health was minimizing the time between the subrecipient/vendor expenditure of program funds and their subsequent reimbursement from Public Health. We reviewed the dates the invoices were received by Public Health, or if no date received was indicated, we used the date the request was signed by the subrecipient/vendor, and compared those dates to the dates payments were actually disbursed.

As a basis for determining the reasonableness of Public Health's minimization of the payment timing, we reviewed the State of California's Prompt Payment Act (Act) that addresses the minimization of timing of payments to certain types of grant award subrecipients. The Act encourages that payments be made within 45 days of receipt of the reimbursement request and states that the State Controller's Office (SCO) has not more than 15 calendar days to issue a warrant once it receives a correct claim schedule from the state agency. Although these programs are not defined as specifically applicable for this regulation, the intent of the legislation appears to be consistent with the intent of federal cash management requirements; therefore, this regulation would appear to provide an appropriate basis for determining the reasonableness for timing of payments.

HIV Care Formula Grants

In our sample of undisputed subrecipient invoices, we noted 28 out of the 30 tested, which totaled approximately \$3.08 million, where invoices were reimbursed after more than 45 days. These untimely disbursements ranged from 48 to 291 days from the date of the subrecipient invoices.

We also noted 27 out of 30 undisputed invoices submitted by subrecipients, totaling approximately \$3.07 million, were submitted to the SCO by Public Health after more than 30 days. These untimely submissions to the SCO ranged from 35 to 279 days.

Public Health does not have an adequate policy that addresses the minimization of timing of reimbursement payments to subrecipients. As a result, Public Health disbursed approximately \$3.08 million of the \$3.12 million sampled without minimizing the time between the receipt of reimbursement request (for example, subrecipient need) and disbursement of federal funds. Amounts paid to subrecipients totaled \$10.3 million during the fiscal year ended June 30, 2008.

Centers for Disease Control and Prevention—Investigations and Technical Assistance

During our procedures performed over cash management, we noted Public Health utilizes two different payment methods for its subrecipients and vendors. It provides cash advances to its subrecipients and pays its vendors on a reimbursement basis. Therefore, we performed two separate procedures to ascertain compliance with cash management requirements.

1. Advance payments are made to local health departments/counties by Public Health's Emergency Preparedness Office (EPO). We noted that it does not have an adequate process in place for assessing the cash needs of its subrecipients. The EPO follows California Health and Safety Codes. Specifically, the California Health and Safety Code, Sections 101317(d)(1) and (2), require Public Health to disburse funds quarterly to local health department/counties (subrecipients) for the program contingent upon completion of certain tasks. Subsequent payments are contingent upon the approval of a subrecipient's plan and budget and progress in implementing that plan, as well as submission of fiscal reports.

At the beginning of the funding year (September 1 to August 31), EPO allocates each subrecipient a certain amount of the grant for that year and then splits the amount into four 25 percent payments to be distributed throughout the year based on certain criteria being met by each subrecipient before payment is made. For the first 25 percent payment,

the subrecipient needs to submit a signed funding agreement, nonsupplantation certification form, and a certification regarding lobbying. The second 25 percent payment requires that the subrecipient submitted all items necessary in receiving the first payment and additionally submits its approved work plan and budget. The third 25 percent payment requires that the first two payment requirements are met and additionally that the subrecipient submit to the program its prior year-end progress report, which shows the actual expenditures for the period between September 1st and August 31st. The fourth payment requires the subrecipient to have submitted the first three payment requirement items and additionally to submit its current mid-year progress report, which shows the actual expenditures for the first half (September 1—February 28) of the current fiscal year.

However, because EPO makes payments contingent on receipt of certain information from the subrecipients, these payments are not necessarily sent at the beginning of each quarter, and they may even occur after the end of the quarter. For instance, in regard to the first quarter 25 percent payment for the months of September, October, and November, most subrecipients had not received their warrant payment from the SCO until March 1 of the following calendar year. In this instance, the 25 percent payment is received by the subrecipient months after the related service period of that payment.

Further, Public Health does not have procedures in place to ensure that the program's subrecipients can demonstrate their ability to minimize the time between receipt and disbursement of federal program funds as stated in 45 CFR, Part 92, Sections, 92.20 and 92.21. More specifically, we noted Public Health does not have a process in place for assessing the cash needs of its subrecipients. The program's only criteria for issuing payments to the subrecipients are listed above. The program does not review the actual invoices of funds expended by the subrecipient in order to monitor how the money is being spent or whether all of the prior advance was fully spent before issuing the next 25 percent payment. Public Health is required to have procedures in place that monitor the cash used by their subrecipients.

As a result, Public Health disbursed approximately \$44 million to subrecipients during the state fiscal year ended June 30, 2008, with limited assurance that these subrecipients minimized the time between the receipt and disbursement of federal funds.

2. Additionally, during our procedures performed over payments to vendors, we noted that nine out of the 15 invoices sampled, which totaled approximately \$176,882, were undisputed invoices submitted by subrecipients/vendors and were reimbursed after more than 45 days. These untimely disbursements ranged from 54 to 127 days from the date of the subrecipient reports.

Additionally, in four out of 60 payments to vendors and to local health departments/counties sampled, totaling \$262,593, federal funds were deposited in the state bank account and not disbursed to subrecipients within 15 calendar days of receipt in accordance with the Act. These untimely disbursements ranged from 20 to 34 days from the date of the draw.

Public Health does not have an adequate policy that addresses minimizing the timing of reimbursement payments to vendors. As a result, Public Health disbursed \$176,882 of the \$188,168 sampled without minimizing the time between the receipt of invoice and disbursement of federal funds. Amounts paid to nonsubrecipient vendors totaled \$17.9 million during the fiscal year ended June 30, 2008.

National Bioterrorism Hospital Preparedness Program

In 36 out of the 60 invoices sampled, totaling \$239,743, undisputed invoices submitted by subrecipients/vendors took longer than 45 days to be reimbursed. These untimely disbursements ranged from 59 to 206 days from the date of the subrecipient invoices.

We also noted 15 out of the 60 invoices from the same sample, totaling \$75,757, where the federal funds were deposited in the state bank account and not disbursed to subrecipients within 15 calendar days of receipt of the federal cash advance in accordance with policy for payments other than Cash Management Improvement Act (CMIA) payments. These untimely disbursements ranged from 16 to 45 days from the date of the draw.

Public Health does not have an adequate policy that addresses minimizing timing of reimbursement payments made to subrecipients. As a result, Public Health disbursed \$239,743 (which includes the \$75,757 noted above) of the \$661,020 sampled disbursements without minimizing the time between the receipt of reimbursement request (for example, subrecipient need) and disbursement of federal funds. Amounts paid to subrecipients totaled \$47 million during the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Public Health should ensure policies and procedures are in place to minimize the time between the receipt of undisputed payment requests and the disbursement of funds, as well as policies and procedures to minimize the time between drawdown of federal funds and their subsequent disbursement in order to be in compliance with federal and state requirements.

Department's View and Corrective Action Plan

HIV Care Formula Grants

Public Health agrees with this finding. In December 2008, the Division of Office of AIDS (OA) created a Fiscal Management Unit and a Contracts Unit within the Administration Section in order to develop capacity and centralize functions that had been distributed to various units within OA, including processing invoices. The centralization of duties and responsibilities in processing invoices allows the two units to work together, and with program staff, to ensure invoices are processed more efficiently.

OA has implemented a system so that each fund source has an annual allocation plan that includes the budget, encumbrances, expenditures (invoices), and balance. OA is updating its current system so that individual expenditures are reviewed, approved, and charged to the appropriate funding source so as to eliminate invoice-processing errors. Desk procedures are being written to be sure that Administration Section staff understand the duties and responsibilities for processing invoices expeditiously and correctly to minimize invoice returns from Public Health Accounting.

Additionally, OA staff have met with Public Health Accounting to determine what we can do to ensure that invoices are processed in a timely manner. In addition to utilizing the Public Health Accounting Section Preliminary Invoice Screening Checklist to ensure that each invoice is submitted as a complete package, we have also implemented other procedures suggested by Accounting to facilitate the process through to SCO.

Public Health's Strategic Plan Goal 5, objectives 3 and 4, address increasing the percentage of invoices processed by Public Health Accounting within 30 days of receipt in the section. This is a high priority for Public Health.

Centers for Disease Control and Prevention—Investigation and Technical Assistance

Condition 1: Public Health agrees that EPO must expeditiously process invoices and that procedures must be in place to assure timely and accurate invoice documentation, tracking, and communication. EPO would note, however, that the auditor did not take into consideration the time frame for issuance by the Centers for Disease Control and Prevention (CDC) of grant awards in fiscal year 2007–08. Although the grant year began at the end of August 2007, CDC did not make awards to states until the beginning of December 2007. To cover expenditures during the period from the end of August until December, CDC awarded states 30 percent of their anticipated full award. Public Health thus functioned under two federal awards during this grant period, which made grant management challenging.

In contrast to local assistance claims described by the auditor above, services paid through state operations funds are invoiced in arrears for services that have been provided. All but one of the claims that auditors found to be untimely were for information technology (IT) services. Upon investigation, EPO has determined that staff engaged in extended vendor negotiation to obtain required documentation rather than return the invoices to the vendor with documentation of the cause for nonpayment. EPO is establishing new procedures for processing of all state operations invoices, which include significantly reduced turnaround times.

At the start of the 2008–09 grant year, EPO revised its procedures for processing and approving local health department (LHD) applications. As a result of these procedures, all agreements, work plans and budgets were approved by December 30, 2008, and as of February 11, 2009, EPO has processed all CDC first and second quarter payments. The new streamlined process enables EPO to standardize the time frames for processing LHD invoices, which must be based on completed applications. It did not change Public Health's condition for payment disbursement, yet enabled Public Health's EPO to exert greater control over the payment timeline to more closely align with quarterly periods.

Public Health disagrees, however, with the finding that its condition of making payments contingent on receipt of certain information from subrecipients fundamentally impedes the timely disbursement of quarterly payments. This condition strikes the balance between quarterly payments and the need for the State to assess LHD progress in meeting minimum standards for local-level emergency preparedness as required by federal grant guidance. Disparate disbursement schedules that may or may not align with quarterly periods depending on the timeliness of LHD responses do not reflect an inherently flawed approach; rather, the lag signifies the consequence of failure of LHDs to prioritize submittals according to the State's schedule.

Condition 2: Public Health concurs with the untimely disbursements and the federal funds being deposited into the state bank account but not disbursed within 15 calendar days. Public Health stated it does have policies regarding the timely payment of invoices. Public Health's Strategic Plan includes commitments for Accounting to improve the processing of invoices within 30 days. The goal for June 2009 is to pay at least 85 percent of invoices received in Accounting within the 30-day time frame. The goal for June 2010 increases the goal to 90 percent. Accounting has hired students and retired annuitants to process invoices. Public Health implemented an invoice-tracking system on December 1, 2008. The tracking system will offer various management reports that will show how well Accounting is doing in meeting the goals of the Strategic Plan. The tracking system will also allow Accounting to continuously track invoices that are aging and have not been processed. Public Health will concentrate its efforts to pay invoices on a timely basis. The Administration Division also has developed an 18-point plan that has steps identified that when followed will make Programs and Administration Division accountable for managing Public Health's fiscal aspects.

For the federal funds being deposited into the state bank account but not disbursed within 15 calendar days, Accounting will reiterate the importance of assembling, approving, and submitting claim schedules to the SCO within a short time frame so that the draw and disbursement of the funds occurs within 15 calendar days.

National Bioterrorism Hospital Preparedness Program

Public Health concurs with the finding. Public Health stated that it does have policies regarding the timely payment of invoices. Public Health's Strategic Plan includes commitments for Accounting to improve the processing of invoices within 30 days. The goal for June 2009 is to pay at least 85 percent of invoices received in Accounting within the 30-day time frame. The goal for June 2010 increases the goal to 90 percent. Accounting has hired students and retired annuitants to process invoices. Public Health implemented an invoice tracking system on December 1, 2008. The tracking system will offer various management reports that will show how well Accounting is doing in meeting the goals of the Strategic Plan. The tracking system will also allow Accounting to continuously track invoices that are aging and have not been processed. Public Health will concentrate its efforts to pay invoices on a timely basis.

The Administration Division also has developed an 18-point plan that has steps identified that when followed will make Programs and Administration Division accountable for managing Public Health's fiscal aspects.

For the federal funds being deposited into the state bank account but not disbursed within 15 calendar days, Accounting will reiterate the importance of assembling, approving and submitting claim schedules to the SCO within a short time frame so that the draw and disbursement of the funds occurs within 15 calendar days.

Public Health agrees that the EPO must expeditiously process invoices and that procedures must be in place to assure timely and accurate invoice documentation, tracking and communication and continuously strives to ensure that effective procedures are in place. Public Health disagrees with the audit findings that the issues identified represent the absence or inherent failure of an effective approach to minimize the time between the receipt of undisputed payment requests and the disbursement of funds in accordance with federal and state law.

All but one of the claims paid through state operations funds that auditors found to be untimely were for information technology services. Upon investigation, EPO has determined that staff engaged in extended vendor negotiation to obtain required documentation rather than return the invoices to the vendor with documentation of the cause for nonpayment. EPO is establishing new procedures for processing of all state operations invoices, which include significantly reduced turnaround times.

For claims paid from local assistance funds, at the start of the 2008–09 grant year, EPO revised its procedures for processing and approving local Hospital Preparedness Program (HPP) entity applications. As a result of these procedures, all agreements, work plans, and budgets were approved by December 30, 2008. This will enable Public Health's EPO to process invoices for local HPP entities as they are submitted, without having to wait for agreements to be submitted or work plans and budgets to be approved.

Auditor's Comment's on Department's View

Centers for Disease Control and Prevention—Investigation and Technical Assistance

Although we do not disagree with EPO's assessment of the importance to monitor program goals and achievements and hold local agencies accountable by requiring their submission of these items prior to receiving funding, the objective of the federal cash management requirement is to minimize the timing between cash drawdown of federal funds by EPO and the subsequent disbursement of that cash by the grantee. If EPO does not require local agencies to provide information regarding expenditures or projected cash disbursements, it cannot adequately assess the actual cash needs of those local agencies and plan its cash drawdowns to meet local agency needs.

National Bioterrorism Hospital Preparedness Program

Based on the documentation provided by EPO, we were unable to determine if payment delays were due to resolution of disputed claims or internal EPO delays. Thus, EPO should enhance its existing payment processing procedures to include that it document: dates received, resolution correspondence dates, and approved-for-payment dates to support that it attempted to ensure it was minimizing the timing between the cash needs and disbursement of funds.

Reference Number:	2008-3-7
Federal Catalog Numbers:	93.575 and 93.596

Federal Program Titles:	Child Care Development Fund Cluster: Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award Numbers and Years:	G-0801CACCDF; 2008, G996005; 2007 2008G999004; 2007, 2008G999005; 2007 G-0701CACCDF; 2007, G996005; 2006 2007G999004; 2006, 2007G999005; 2006 G-0601CACCDF; 2006, G996005; 2005 2006G999004; 2005, 2006G999005; 2005
Category of Finding:	Cash Management
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.11—What Requirements Apply to Funding Techniques?

- (a) A state and a federal program agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the state's payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

Condition

During our procedures performed over payments made for subgrantees, we noted that Education requests cash advances (drawdowns) from the federal government and then requests payments to be made to the local educational agencies (LEAs) and subgrantee contractors by the State Controller's Office (SCO). This program falls under the Cash Management Improvement Act (CMIA) with required funding techniques of preissuance for payments to LEAs and various state departments, and monthly estimate/monthly draw for administrative costs and payments to child care subgrantees. The preissuance technique requires the State to disburse cash advances to LEAs not more than three days after the advance is deposited in the state account.

In our sample of drawdowns from the federal government and payments to LEAs or subgrantee contractors for the program, we noted two drawdowns of the 60 sampled that were for LEAs and a state department that were paid seven days after the cash was received by the SCO, which exceeds the days allowed for preissuance.

Total exceptions amounted to \$327,345 of the \$8.9 million drawdown sampled.

Questioned Costs

Not determined.

Recommendation

Education should review its current policies and procedures over the issuance of cash advances to minimize the time elapsing between its drawdown of federal funds and the payment of the advance to the LEAs.

Department’s View and Corrective Action Plan

Education did not deviate from the CMIA policies and procedures that were established by the Department of Finance (Finance) in agreement with the SCO. Although the CMIA report that was submitted to Finance reflects delays as cited by the auditors, the delays were under 10 days. Finance does not require Education to explain delays unless payment exceeds 10 days from the time of deposit.

Auditor’s Comments on Department’s View

Our procedures were based on the requirements of the federal code of regulations and not based on the State’s internal policies and procedures to gather information to prepare the CMIA work sheets for Finance. Although Education may have complied with the State’s internal policies of reporting exceptions to Finance, the exception noted was based on tests of compliance with the terms of the CMIA agreement, which requires that disbursements be made within three days of receipt of the funds.

Reference Number:	2008-3-8
Federal Catalog Numbers:	93.575 and 93.596
Federal Program Titles:	Child Care Development Fund Cluster: Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award Numbers and Years:	G-0801CACCCDF; 2008, G996005; 2007 2008G999004; 2007, 2008G999005; 2007 G-0701CACCCDF; 2007, G996005; 2006 2007G999004; 2006, 2007G999005; 2006 G-0601CACCCDF; 2006, G996005; 2005 2006G999004; 2005, 2006G999005; 2005
Category of Finding:	Cash Management
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.11—What Requirements Apply to Funding Techniques?

- (a) A state and a federal program agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the state’s payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-102, , *GRANTS AND COOPERATIVE AGREEMENTS WITH STATE AND LOCAL GOVERNMENTS* (OMB CIRCULAR A-102), Post-Award Policies—Cash Management

Agency methods and procedures for transferring funds shall minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.

- (1) Such transfers shall be made consistent with program purposes, applicable law and Treasury regulations contained in 31 CFR Part 205, federal funds transfer procedures.

Condition

During our procedures performed over cash management requirements, we reviewed a sample of local educational agency (LEA) and subgrantee contractor final expenditure reports (reports) for any reimbursement amounts due back to the LEA or the subcontractor to ascertain if Education was minimizing the time between the LEAs' expenditure of program funds and their subsequent reimbursement. We reviewed the dates the reports were received by Education, or if no date received was indicated, by the date the request was signed by the LEA, and compared those dates to the dates payments were actually disbursed to the LEAs.

As a basis for determining the reasonableness of Education's minimizing of payment timing, we reviewed the State of California's Prompt Payment Act (Act) that addresses minimizing the timing of payments to certain types of grant award subrecipients. The Act encourages payments to be made within 45 days of receipt of the reimbursement request. Although this program is not defined as specifically applicable for this regulation, the intent of the legislation appears to be consistent with the intent of federal cash management requirements. Therefore, this regulation would appear to provide an appropriate basis for determining the reasonableness for timing of payments.

In our sample of 60 reimbursement payments, 11 were made more than 45 days after the date of the request. These untimely payments ranged from 46 to 77 days from the date of the LEA or subcontractor report requesting payment. Education indicated that these exceptions were due to expenditure reports being submitted past the due date to Education by subrecipient contractors, which caused them to be held until another batch of payments was accumulated.

Current policies and procedures in place do not appear to be effective in minimizing the timing of reimbursement payments made to subrecipients. As a result, Education disbursed approximately \$542,725 of the \$8,938,702 sampled without minimizing the time between the receipt of reimbursement request (for example, subrecipient need) and disbursement of federal funds. Amounts paid to subrecipients totaled \$578 million during the fiscal year ended June 30, 2008.

Questioned Costs

Not applicable.

Recommendation

Education should enhance its policies and procedures to ensure that reimbursement payments are made to its LEAs and subcontractors in a timely manner to ensure that it is minimizing the time between the expenditure of program funds and subsequent reimbursement.

Department's View and Corrective Action Plan

Education stated it does not concur with the inference drawn from the conditions delineated in this finding. Education's existing program funding practices are designed to minimize the time between an LEA's expenditure and receipt of program funds while also ensuring that program funds are being appropriately claimed and expended. For example, grant funding may not be disbursed as scheduled because of the time delays in resolving disputed, questionable, or unallowable claims for reimbursement. Furthermore, although the auditors cite the Act as an appropriate gauge for timeliness, Education believes that the intent of the Act is specifically directed towards payments of undisputed invoices and claims for reimbursement.

However, Education is continually seeking to improve its review and approval process to ensure timely payment of invoices. Education will strive to more expediently process invoices between internal divisions.

Auditor’s Comments on Department’s View

Based on the documentation provided by Education, we were unable to determine if payment delays were due to resolution of disputed claims or internal Education delays. Thus, Education should enhance its existing payment processing procedures to include that it document: dates received, resolution correspondence dates, and approved for payment dates to support that it attempted to ensure that it was minimizing the timing between the cash needs and disbursement of funds.

Reference Number:	2008-5-3
Federal Catalog Number:	93.917
Federal Program Title:	HIV Care Formula Grants
Federal Award Numbers and Years:	2X07HA00041-18-00; 2008 6X07HA00041-17-02; 2007
Category of Finding:	Eligibility
State Administering Department:	California Department of Public Health (Public Health)

Criteria

TITLE 42—THE PUBLIC HEALTH AND WELFARE, CHAPTER 6A—PUBLIC HEALTH SERVICE, SUBCHAPTER XXIV—HIV HEALTH CARE SERVICES PROGRAM, Part B—Care Grant Program, Subpart 1—General Grant Provisions, Section 300ff-26—Provision of Treatments

- (b) Eligible individual. To be eligible to receive assistance from a State under this section an individual shall:
 1. have a medical diagnosis of HIV disease; and
 2. be a low-income individual, as defined by the State.

Condition

1. Eligibility of individuals is determined at various local enrollment sites by enrollment workers. Eligibility packages containing all required documents to support the individuals’ eligibility to receive funds under the AIDS Drug Assistance Program (ADAP) are maintained at the enrollment sites.

We selected 30 ADAP participants to review the eligibility packages for eligibility documentation. Out of the 30 participants selected, Public Health was unable to provide documentation to support eligibility for one participant.

Total exceptions amounted to \$21,662 of the \$473,183 that was paid to the 30 participants sampled for the fiscal year ended June 30, 2008. Total ADAP expenditures amounted to approximately \$89 million of the \$105 million of total program expenditures.
2. Program coordinators are required to visit ADAP enrollment sites every five years in accordance with requirements established by the agreement between the sites and the State. This quality control process redetermines eligibility for individually sampled cases of beneficiary eligibility made by enrollment workers at the local enrollment sites. Enrollment site visits are performed to ensure individuals receiving services meet eligibility requirements. Site visit reports are completed by program coordinators and reviewed by the program chief.

We selected all 10 site visit reports prepared by the ADAP coordinators during the fiscal year ended June 30, 2008, and noted that all reports had detailed several instances of noncompliance with eligibility requirements such as proof of income, proof of residency, proof of HIV status, up-to-date signed consent forms, and up-to-date CD4 or Viral Load counts. Some examples of errors noted in the reports written by program coordinators are as follows:

- At one site where 82 files were reviewed, 24 percent of the files did not have proof of residency nor did they indicate that the clients were issued grace periods to provide the required documentation, and 33 percent of the files did not have proof of income. At this particular site, 96 percent of the files reviewed did not have documented proof of HIV status, and none of the files had documentation of current CD4 or Viral Load counts.
- At one site where 10 files were reviewed, 60 percent were missing proof of income documentation.
- At one site where 22 files were reviewed, 55 percent did not meet proof-of-income requirements as outlined in state guidelines.
- At one site where 10 files were reviewed, 60 percent did not have signed/dated ADAP consent forms, and 30 percent were missing proof-of-residency documentation.

Based on review of the site visit reports, it appears there may be material noncompliance regarding documentation to support the eligibility of the participants.

Questioned Costs

Paid \$21,662 to the one undocumented participant for the fiscal year ended June 30, 2008.

Recommendation

Public Health should strengthen its internal controls over the eligibility process to ensure payments are only made to eligible recipients and that all required documentation to verify eligibility is maintained in the recipient's file.

Department's View and Corrective Action Plan

Public Health's Division of Office of AIDS (OA) is in agreement with the finding regarding the one missing client eligibility package. ADAP has numerous policies and procedures that define the client enrollment and eligibility process to ensure eligible recipients receive services. These policies and procedures are contained in the *State of California Enrollment Procedures and Guidelines for Determining ADAP Eligibility*. Responsibility for compliance with these is strengthened through a number of mechanisms, including the following: 1) mandatory annual eligibility training/recertification of all ADAP Enrollment Workers; 2) ADAP Enrollment Site Agreements; 3) Standard Agreements with all participating local health jurisdictions (LHJs) for the provision of ADAP services; and 4) enrollment site visits conducted by ADAP, including audits of client eligibility files, to further assure compliance with client eligibility requirements and documentation. These mechanisms are discussed below.

ADAP Eligibility Training for Enrollment Worker

All ADAP enrollment workers must attend initial and annual refresher eligibility training and receive certification from such trainings in order to conduct ADAP enrollment. It is the responsibility of the enrollment worker, the ADAP enrollment site and the LHJ to assure compliance with this requirement. Additionally, unique enrollment worker identification numbers are assigned to each individual, and annual training dates/certification are linked to that identification number and maintained/monitored by the ADAP pharmacy benefits management (PBM) service provider.

ADAP Enrollment Site Agreements

Require the enrollment site and workers to adhere to ADAP eligibility guidelines in implementing and administering ADAP services. Among the numerous requirements, the enrollment site agrees to maintain necessary program records to document ADAP client eligibility and ensure that all ADAP enrollment workers abide by current ADAP guidelines.

Standard Agreements

Require LHJs to adhere to ADAP eligibility guidelines in implementing and administering ADAP services. The LHJ agrees to designate an ADAP coordinator to carry out the requirements of the agreement, including ensuring enrollment sites are in compliance with ADAP guidelines and policies, and assure annual training/recertification of ADAP enrollment workers.

Enrollment Site Visits

ADAP plans and conducts enrollment site visits annually to assure compliance with ADAP eligibility requirements. With more than 200 enrollment sites statewide, ADAP must plan site visits based on program priorities and identified need. For state fiscal year 2008–09, ADAP is conducting 17 site visits, primarily to those sites that have had the longest interval since their last ADAP visit.

OA will take the following corrective steps to further ensure compliance with the *State of California Enrollment Procedures and Guidelines for Determining ADAP Eligibility*:

- 1). A site visit will be conducted at the ADAP enrollment site where auditors were unable to obtain a copy of the eligibility package for one of the participants selected. A minimum of 10 percent of the client eligibility files will be audited. This site will be monitored to ensure full compliance with ADAP standards, as mandated by state guidelines, enrollment site agreements, and LHJ Standard Agreements.
- 2). Technical assistance will be provided to the enrollment site and workers. ADAP staff will review ADAP eligibility and documentation requirements. Subsequent to the audit, the participant in question returned to the site on December 16, 2008, for an annual eligibility recertification. This file will be one of the files audited by program staff during the site visit.
- 3). ADAP contacted the enrollment site via telephone in January 2009 to ascertain the reason why the file was not available at the time of the audit. During the inquiry, it was determined that the ADAP enrollment worker who had previously recertified eligibility for the participant in question has not been employed at this site for over one year. Additionally, ADAP confirmed with the ADAP PBM that the enrollment worker’s identification number is no longer active.

Reference Number:	2008-5-4
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Eligibility
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 431—STATE ORGANIZATION AND GENERAL ADMINISTRATION, Subpart A—Single State Agency, Section 431.10—Single State Agency

- (c) Determination of eligibility
- (1) The plan must specify whether the agency that determines eligibility for families and for individuals under 21 is:
 - (i) The Medicaid Agency; or
 - (ii) The single State agency for the financial assistance program under Title IV-A (in the 50 States or the District of Columbia), or under Title XVI (AABD) in Guam, Puerto Rico, or the Virgin Islands.
 - (2) The plan must specify whether the agency that determines eligibility for aged, blind, or disabled is:

The Medicaid Agency; or

 - (i) The single State agency for the financial assistance program under Title IV-A (in the 50 states or the District of Columbia), or under Title XVI (AABD) in Guam, Puerto Rico, or the Virgin Islands, or
 - (ii) The federal agency administering the supplemental social security income program under Title XVI (SSI). In this case, the plan must also specify whether the Medicaid agency or the Title IV-A agency determines eligibility for any of the groups whose eligibility is not determined by the federal agency.

TITLE 42—PUBLIC HEALTH, PART 435—ELIGIBILITY IN THE STATES, DISTRICT OF COLUMBIA, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA, Subpart 1—Specific Eligibility and Post-Eligibility Financial Requirements for the Medically Needy, Section 435.814—Medically Needy Income Standard: State Plan Requirements

- (1) The plan must specify the income standard for the covered medically needy groups.

TITLE 42—PUBLIC HEALTH, PART 435—ELIGIBILITY IN THE STATES, DISTRICT OF COLUMBIA, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA, Subpart 1—Specific Eligibility and Post-Eligibility Financial Requirements for the Medically Needy, Section 435.831—Income Eligibility

- (3)(d) Deduction of incurred medical expenses. If countable income exceeds the income standard, the agency must deduct from income medical expenses incurred by the individual or family or financially responsible relatives that are not subject to payment by a third party. An expense is incurred on the date liability for the expense arises.

TITLE 42—PUBLIC HEALTH, PART 435—ELIGIBILITY IN THE STATES, DISTRICT OF COLUMBIA, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA, Subpart E—General Eligibility Requirements, Section 435.406—Citizenship and Alienage

- (a) The agency must provide Medicaid to otherwise eligible residents of the United States who are:
- (i) Citizens;
 - (ii) Under a declaration required by Section 1137(d) of the Act that the individual is a citizen or national of the United States;
 - (iii) The individual has provided satisfactory documentary evidence of citizenship or national status, as described in Section 435.407; and

- (iv) The individual must declare their citizenship and the state must document the individual's citizenship in the individual's eligibility file on initial applications and initial redeterminations effective July 1, 2006.

TITLE 42—PUBLIC HEALTH, PART 435—ELIGIBILITY IN THE STATES, DISTRICT OF COLUMBIA, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA, Subpart E—General Eligibility Requirements, Section 435.407—Types of Acceptable Documentary Evidence of Citizenship

- (a) Primary evidence of citizenship and identity. The following evidence must be accepted as satisfactory documentary evidence of both identity and citizenship:
 - (1) A U.S. passport. The Department of State issues this. A U.S. passport does not have to be currently valid to be accepted as evidence of U.S. citizenship, as long as it was originally issued without limitation. Note: Spouses and children were sometimes included on one passport through 1980. U.S. passports issued after 1980 show only one person. Consequently, the citizenship and identity of the included person can be established when one of these passports is presented. Exception: Do not accept any passport as evidence of U.S. citizenship when it was issued with a limitation. However, such a passport may be used as proof of identity.
 - (2) A Certificate of Naturalization (DHS Forms N-550 or N-570). Department of Homeland Security issued for naturalization.
 - (3) A Certificate of U.S. Citizenship (DHS Forms N-560 or N-561). Department of Homeland Security issues certificates of citizenship to individuals who derive citizenship through a parent.

Condition

1. States are required to operate a Medicaid Eligibility Quality Control (MEQC) system in accordance with requirements established by the Center for Medicare and Medicaid Services (CMS). The MEQC system redetermines eligibility for individual sampled cases of beneficiary eligibility determined by state Medicaid agencies or their designees. The State of California had been granted a waiver from the traditional MEQC program described in regulation. This program waiver differs from the traditional MEQC program by allowing for the performance of special studies, targeted reviews, or other activities that are designed to ensure program integrity or improve program administration. Health Care Services' MEQC process reviewed 3,039 cases from July 2007 to June 2008. Of the 3,039 cases sampled, Health Care Services determined that 179 cases were ineligible for Medi-Cal, resulting in a 5.89 percent error rate.

We evaluated the accuracy of the MEQC system by obtaining a listing of all eligibility case reviews performed during the fiscal year and selected 60 cases in 10 different counties to reperform the MEQC review. Our sample of 60 Medicaid recipients included 57 who were deemed eligible and three who were deemed ineligible by the MEQC review process. The results of our review of the MEQC process found that four out of the 57 Medicaid case files where all recipients were deemed eligible by the MEQC process had at least one beneficiary who was actually ineligible for Medicaid benefits due to a failure to provide appropriate citizenship documentation.

2. Additionally, we selected 60 case files from the general population of the State's Medicaid beneficiaries in 10 different counties to reperform the counties' eligibility determination. The results are as follows:
 - We noted that two of the 60 cases tested from the general population of Medicaid beneficiaries had at least one nonexempt beneficiary who lacked appropriate citizenship documentation but received full-scope Medicaid benefits during the fiscal year ended June 30, 2008.

- We also noted that one of the 60 cases tested from the general population of Medicaid beneficiaries was erroneously reported in the county consortium system—California Work Opportunity and Responsibility to Kids Information Network (CALWIN)—as eligible for Medicaid benefits with a share of cost, when the beneficiaries were eligible for full-scope Medicaid benefits under Section 1931(b) of the Social Security Act (1931(b)). The error was due to the improper calculation of the family car's depreciated value based on Kelly Blue Book, which resulted in the family being erroneously disqualified in the county system for 1931(b) benefits due to excess property. However, the Medicaid Eligibility Database System (MEDS) properly indicated the beneficiaries as 1931(b) eligible in the period reviewed. This indicates a potential interface error between CALWIN and MEDS. Although the beneficiaries were aided under full-scope benefits in MEDS, system interface errors could result in beneficiaries being erroneously discontinued from Medicaid benefits, or individuals who are ineligible for Medicaid benefits may be erroneously aided.

Recommendations

Health Care Services should enhance its monitoring of implementation of the citizenship documentation requirements of 42 CFR, Part 435.406 and 42 CFR, Part 435.407, and take appropriate corrective action on all eligibility cases for which individuals cannot produce the appropriate citizenship documentation.

Health Care Services should also identify potential system interface issues between the consortium systems and MEDS, and take appropriate corrective action to resolve the potential problems in order to ensure that beneficiaries are receiving proper aid.

Department's View and Corrective Action Plan

Health Care Services implemented the citizenship documentation requirements in 2006. Counties are all fully operational and following state policy and procedures related to the federal requirements.

Health Care Services' MEQC efforts comprise two components:

- MEQC case reviews—Health Care Services' internal controls have been in effect for several years and continue to demonstrate effective corrective actions. Counties are consistently responsive to MEQC error findings and corrective action requirements. Shortly after the close of each base period, Medi-Cal Eligibility Division (MCED) staff review each MEQC dollar error and procedural error to determine whether the affected county has taken timely corrective action. These reviews have consistently demonstrated that counties correct 97 percent of the error findings on a timely basis.
- Focused Reviews (FRs)—Based on the prior-year findings related to the correction of FR issues, Health Care Services added enhanced language to each of its FR templates. The enhanced language requires counties to correct each FR error finding or issue on a timely basis. Health Care Services staff selectively follow up on county error correction efforts based on considerations of magnitude, materiality, and historical experience. Major counties have normally addressed each of their FR findings on a timely basis. In addition, when FR findings are not within standards, Health Care Services staff discuss issues and corrective actions with the subject county, seek agreement on remedial action, and schedule follow-up FRs to ensure appropriate corrective action.

Health Care Services continues to work with counties to provide assistance with the Deficit Reduction Act of 2005 (DRA) requirements. This is done through the publication of all county welfare directors' letters and the posting of information on the Health Care Services' DRA Web site. MCED staff is working with the counties to review the DRA cases that are the basis for the audit findings and to ensure that corrective action is taken and Medi-Cal eligibility is corrected, as necessary.

Health Care Services is reviewing the details of the Statewide Automated Welfare System (SAWS)/MEDS interface questions identified during this review to determine what, if any, corrective actions are needed. Health Care Services will report its findings and any necessary corrective action after the review is complete. Health Care Services expects to complete this review in early 2009.

Reference Number:	2008-5-5
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Eligibility
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

SOCIAL SECURITY ACT, TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS, Section 1920—Presumptive Eligibility for Pregnant Women

- (a) A state plan approved under Section 1902 may provide for making ambulatory prenatal care available to a pregnant woman during a presumptive eligibility period.
- (c)(1) The state agency shall provide qualified providers with:
 - (A) such forms as are necessary for a pregnant woman to make application for medical assistance under the state plan, and
 - (B) information on how to assist such women in completing and filing such forms.
- (2) A qualified provider that determines under subsection (b)(1)(A) that a pregnant woman is presumptively eligible for medical assistance under a state plan shall:
 - (A) notify the state agency of the determination within five working days after the date on which determination is made, and
 - (B) inform the woman at the time the determination is made that she is required to make application for medical assistance under the state plan by not later than the last day of the month following the month during which the determination is made.

Condition

The presumptive eligibility component of this program grants immediate temporary Medi-Cal coverage for California residents who are pregnant but do not have health insurance or Medi-Cal coverage for prenatal care. Health Care Services grants the right to enroll recipients under this program to qualified providers. Because the program provides immediate temporary care prior to the approval of Medi-Cal eligibility, recipients enrolled in presumptive eligibility are not considered Medi-Cal-eligible and, therefore, are not entered into Health Care Services' eligibility systems.

Recipients presumed to be eligible under this program component are assigned a prenumbered identification card (obtained from Health Care Services by the provider) that begins with a county identification number and presumptive eligibility aid code. The paper documentation, including the application and a copy of the presumptive eligibility identification card, is retained by the provider.

The provider is required by the state plan to submit to Health Care Services a weekly enrollment summary of all presumptive eligibility identification numbers issued to Health Care Services for retention. Health Care Services is required to retain the documents for a period of three years. Since the supporting documentation for presumptive eligibility is retained by Health Care Services, the State's fiscal intermediary, Electronic Data Systems (EDS), does not perform procedures over the presumed eligible recipients. The EDS mainframe processing is set to bypass the eligibility check if it recognizes the special sequencing of the presumptive eligibility identification number.

Consistent with the prior year, Health Care Services is unable to reconcile presumptive eligibility numbers with the enrollment listing filed with it at this time because of staffing limitations. However, Health Care Services is pursuing an automated process to post presumptive eligibility identifications to the Medi-Cal eligibility system so records for these recipients can be accessed to authenticate, reconcile, and prevent duplicate issuances of the presumptive eligibility number during the claims adjudication process. As such, there does not appear to be adequate tracking of presumptive eligibility numbers, and there is the risk that duplicate issuances of numbers or unauthorized use may occur as the existence of the recipient is not authenticated.

Questioned Costs

Not determined.

Recommendations

Health Care Services should strengthen its internal control process to obtain and track the enrollment presumptive eligibility identification numbers issued to prevent unauthorized use of identification numbers. Further, Health Care Services should perform procedures to authenticate the existence of the recipient, prevent duplicate issuances, and reconcile the presumptive eligibility numbers with the recipient enrollment listing filed during the claims adjudication process.

Department's View and Corrective Action Plan

Health Care Services stated it partially agrees.

Health Care Services is unable to reconcile the presumptive eligibility numbers with the enrollment listing at this time without an automated system. However, state law only allows this automated system to be funded with health care foundations funding (Senate Bill 24, Chapter 895, Statutes of 2003). Health Care Services is pursuing an automated process to post the presumptive eligibility identifications to the Medi-Cal eligibility system so the records for these recipients can be accessed to authenticate, reconcile, and prevent duplicate issuances of the presumptive eligibility number during the claims adjudication process. The consultant hired by Health Care Services released its final report on the Senate Bill 24 Prenatal Gateway with implementation solutions in June 2008. Health Care Services is participating in an Enterprise Enrollment Portal (EEP) Feasibility Study Report (FS report) on a Web-based application process to allow individuals to apply for healthcare and other public assistance programs through an electronic application. The EEP FS report will include the presumptive eligibility program for pregnant women.

Reference Number:	2008-8-2
Federal Catalog Number:	93.283
Federal Program Title:	Centers for Disease Control and Prevention— Investigations and Technical Assistance
Federal Award Numbers and Years:	5U90TP917016-08; 2007 5U90TP917016-07; 2006

Category of Finding:	Period of Availability
State Administering Department:	California Department of Public Health (Public Health)

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.23—Period of Availability of Funds

- (b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269).

Condition

During procedures performed over period of availability, we noted two exceptions out of 30 samples tested where the funds were not promptly liquidated. The two invoices, for \$115,966 and \$17,604, were properly obligated within the period of availability of August 31, 2006, through August 30, 2007, of the 2006 grant but were not liquidated within 90 days after the end of the funding period. The liquidation should have occurred before November 30, 2007, but instead the invoices were liquidated on December 14, 2007, and January 2, 2008, respectively, which was 105 and 124 days, respectively, after the end of the funding period.

The exceptions noted appeared to be due to a difference in the interpretation of the liquidation-of-obligation criteria used by Public Health. Specifically, Public Health indicated it believed the liquidation occurs when the invoice is received and the obligation is disencumbered, and not when the invoice is actually paid.

Questioned Costs

\$133,570 of the \$4.5 million sampled program disbursements from the \$62 million total expenditures for the fiscal year ended June 30, 2008.

Recommendation

Public Health should enhance its current policies and procedures over its grant close-out process to ensure that all program funds are liquidated within the required time frames.

Department's View and Corrective Action Plan

Public Health agrees that the Emergency Preparedness Office (EPO) must expeditiously process invoices and that procedures must be in place to assure timely and accurate invoice documentation, tracking, and communication; it continuously strives to ensure that effective procedures are in place. Public Health disagrees with the audit findings that the issues identified represent the absence or inherent failure of an effective approach to minimize the time between the receipt of undisputed payment requests and the disbursement of funds in accordance with federal and state law, including the liquidation of all obligations not later than 90 days after the end of the funding period.

In researching one of the invoices in question under this finding, EPO has determined that staff engaged in extended vendor negotiation to obtain required documentation rather than return the invoices to the vendor with documentation of the cause for nonpayment. Public Health received the final required documentation for this invoice on November 1, 2007, (rather than the original submission date of September 20, 2007), which led to the payment being outside the 90-day liquidation period. EPO is establishing new procedures for processing all state operations invoices, which include significantly reduced turnaround times.

Auditor's Comments on Department's View

The period of availability of federal funds requires all obligations to be liquidated not later than 90 days after the end of the funding period. If additional time is required to liquidate remaining obligations, approval should be sought from the federal awarding agency to obtain an extension.

Reference Number:	2008-8-3
Federal Catalog Numbers:	93.575 and 93.596
Federal Program Titles:	Child Care Development Fund: Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award Numbers and Years:	G-0801CACCDF; 2008, G996005; 2007 2008G999004; 2007, 2008G999005; 2007 G-0701CACCDF; 2007, G996005; 2006 2007G999004; 2006, 2007G999005; 2006 G-601CACCDF; 2006, G996005; 2005 2006G999004; 2005, 2006G999005; 2005
Category of Finding:	Period of Availability
State Administering Department:	Department of Education (Education)

Criteria

TITLE 45—PUBLIC WELFARE AND HUMAN SERVICES, PART 98—CHILD CARE AND DEVELOPMENT FUND, Subpart G—Financial Management, Section 98.67—Fiscal Requirements

- (c) Fiscal control and accounting procedures shall be sufficient to permit:
- (1) Preparation of reports required by the Secretary under this subpart and under subpart H; and
 - (2) The tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.

Condition

During our procedures performed over period of availability, we selected a sample of adjusting journal entries (entries) that were made during the fiscal year to determine if the entries were adequately supported and that the underlying obligations for those entries were allocated to a proper period. We noted Education allocates expenditures between multiple overlapping awards through its use of first-in-first-out (FIFO) entries. We selected a sample of 22 of the 92 FIFO entries made during the fiscal year and present the following:

- We noted that all entries sampled were prepared and posted into Education's California State Accounting and Reporting System (CalSTARS) by the same employee, resulting in a lack of segregation of duties. Additionally, there was no evidence of review or approval of these entries.
- We requested the supporting documentation of the underlying transactions for those 22 entries that carried back expenditures between award years, and noted the support provided by Education identifies a listing of claim numbers with expenditure totals. In tracing the claim numbers down to

actual transactions, we generally noted numerous transactions that were paid with the identified claim numbers ; however, Education did not indicate which specific transactions in the numerous listings made up the amount transferred. The following is a summary of the entries that were sampled:

JOURNAL ENTRIES SAMPLED TYPE	QUANTITY	FISCAL YEARS TRANSFERRED BETWEEN	TRANSFERRED AMOUNTS	SUPPORTING DOCUMENTATION
Contractor subgrants	1	2005 to 2004	\$96,809	\$96,809
Contractor subgrants	3	2006 to 2005	170,744	170,744
Contractor subgrants	2	2007 to 2006	53,609,668	53,609,668
Total entries adequately supported	6		53,877,221	53,877,221
Contractor subgrants	1	2005 to 2004	381,401	1,700,426
Contractor subgrants	6	2006 to 2005	2,388,902	24,288,411
Contractor subgrants	9	2007 to 2006	11,242,285	31,270,799
Total entries not adequately supported	16		14,012,588	57,259,636
Total journal entries sampled	22		67,889,809	111,136,857

The 16 inadequately supported entries amounted to \$14,012,588. The 92 FIFO entries totaled \$464 million made to the \$578 million of total subgrant expenditures for the fiscal year ended June 30, 2008.

Previous correspondence between Education and the U.S. Department of Education regarding exceptions noted in prior-year audits indicated that unambiguous documentation should be maintained to support the FIFO closeout journal entries. "The FIFO method depends upon clear documentation of the transactions falling within the Tydings period. To the extent that a recipient relies on principles of FIFO accounting, the recipient must also establish that such a method has been consistently used from year to year and must document clearly and unambiguously that the transactions giving rise to the obligations in question arose before the relevant Tydings cutoff date."

Education's policies do not require journal entries to be independently reviewed and approved, nor does it require segregation of duties between the preparer and the recorder of the entry. Without appropriately designed controls in place, there is risk that Education could incorrectly adjust expenditures between grant award years.

We also noted Education's current policies and procedures do not require that documentation be maintained to identify which specific local educational agencies (LEAs) are being adjusted within the FIFO adjustment. Education identifies pools of transactions that they believe are eligible and transfer amounts from those pools; however, since adjustments are made multiple times among multiple award years there is increased risk that LEA expenditures could be adjusted more than once or that those underlying obligations may not have been incurred within the eligible obligation period to which they were adjusted. Without unambiguous detailed documentation that identifies the specific LEAs to support that they were incurred during the proper period, there is decreased transparency and accountability in the grant award close out process.

Questioned Costs

Not applicable.

Recommendations

Education should strengthen its policies and procedures to ensure appropriate segregation of duties are maintained and adjusting FIFO entries are reviewed and approved. Education should also ensure appropriate documentation is maintained to adequately support adjusting transactions between federal funding years.

Department's View and Corrective Action Plan

Education stated that although it believes that appropriate segregation of duties and approval processes related to FIFO transactions are in place, it has strengthened its policy and procedures over FIFO entries by maintaining documentation of the specific transactions with the claim schedules related to the adjusting FIFO entries.

Auditor's Comments on Department's View

We disagree with Education's assessment that appropriate segregation of duties and approval processes are in place. Entries prepared and posted into the general ledger without evidence of independent review would not support that appropriate controls are in place. We also disagree with Education's assessment that the documentation now maintained is adequate. Although Education has made some progress in that it now maintains some level of supporting documentation of transactions that are being adjusted, the documentation is usually in material excess of the actual amounts that are transferred. In programs that transfer material amounts of expenditures between fiscal years, there is significant increased risk that transferred expenditures lose their identity and could be transferred more than once or in more than one fiscal year. Manual journal entries pose a significant fraud risk; therefore, strong controls should be in place, and transparency in documentation needs to be maintained. Based on the transactions sampled this year, Education has demonstrated that it has the ability to adjust specific transactions and maintain appropriate documentation, but it has not applied that methodology consistently.

Reference Number:	2008-8-4
Federal Catalog Numbers:	93.575 and 93.596
Federal Program Titles:	Child Care Development Fund: Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award Numbers and Years:	G-0801CACCDF; 2008, G996005; 2007 2008G999004; 2007, 2008G999005; 2007 G-0701CACCDF; 2007, G996005; 2006 2007G999004; 2006, 2007G999005; 2006 G-601CACCDF; 2006, G996005; 2005 2006G999004; 2005, 2006G999005; 2005
Category of Finding:	Period of Availability
State Administering Department:	Department of Education (Education)

Criteria

TITLE 45—PUBLIC WELFARE AND HUMAN SERVICES, PART 98—CHILD CARE AND DEVELOPMENT FUND, Subpart G—Financial Management, Section 98.60—Availability of Funds

- (d) The following obligation and liquidation provisions apply to states and territories:
- (1) Discretionary Fund allotments shall be obligated in the fiscal year in which funds are awarded or in the succeeding fiscal year. Unliquidated obligations as of the end of the succeeding fiscal year shall be liquidated within one year.

- (2) (i) Mandatory Funds for states requesting Matching Funds per Section 98.53 shall be obligated in the fiscal year in which the funds are granted and are available until expended. (ii) Mandatory Funds for states that do not request Matching Funds are available until expended.
- (3) Both the federal and nonfederal share of the Matching Funds shall be obligated in the fiscal year in which the funds are granted and liquidated no later than the end of the succeeding fiscal year.
- (4) Except for paragraph (d)(5) of this section, determination of whether funds have been obligated and liquidated will be based on:(i) state or local law; or, (ii) If there is no applicable state or local law, the regulation at 45 CFR Part 92.3, Obligations and Outlays (expenditures).
- (5) Obligations may include subgrants or contracts that require the payment of funds to a third party (for example, subgrantee or contractor). However, the following are not considered third-party subgrantees or contractors: (i) A local office of the Lead Agency; (ii) Another entity at the same level of government as the Lead Agency; or (iii) A local office of another entity at the same level of government as the Lead Agency.
- (6) For purposes of the Child Care Development Fund (CCDF), funds for child care services provided through a child care certificate will be considered obligated when a child care certificate is issued to a family in writing that indicates:(i) The amount of funds that will be paid to a child care provider or family; and (ii) The specific length of time covered by the certificate, which is limited to the date established for redetermination of the family's eligibility, but shall be no later than the end of the liquidation period.
- (7) Any funds not obligated during the obligation period specified in paragraph (d) of this section will revert to the federal government. Any funds not liquidated by the end of the applicable liquidation period specified in paragraph (d) of this section will also revert to the federal government.

Condition

During our procedures performed over the period of availability requirement, we sampled contractor payments and reviewed the dates the contracts became binding written commitments to obtain the services in order to ascertain if they were recorded in the proper obligation period and promptly liquidated. In our sample of 60 payments, we noted eight that were not obligated during the period of availability and one that was not liquidated during the liquidation period.

- Eight payments charged to a federal award were obligated before the first day available to obligate program funds. Seven of these were contract advances totaling \$11,342,781 obligated between July 2007 and September 2007; however, they were charged against the award when the first available day to obligate was October 1, 2007. Another contract advance totaling \$58,652 was obligated between July 2006 and September 2006; however, the first available day to obligate was October 1, 2006.
- One payment for \$37,500 was charged to the award (0501CACCCDF) and was liquidated on October 10, 2007; however, the last day to liquidate the payment (for example, a check issued to the contractor) was September 30, 2007.

This timing difference between obligation periods appears to be caused by a difference between the federal award period and Education's contractor award period. Education indicated it is following generally accepted accounting principles (GAAP) and recording obligations for contractor expenditures based on the service period. Our tests were performed in accordance with 34 CFR, Section 76.707, which indicates that an obligation for performance of work other than personal services is obligated on the date the state makes a binding written commitment to obtain the work. We also noted the general definition of an obligation at 45 CFR, Section 92.3, indicates "obligations means contracts and subgrants

awarded during a given period that will require payment by the grantee during the same or future period." Therefore, since these contracts were obligated as much as three months before the availability of the grant award, we have noted them as exceptions in accordance with the federal guidance.

Questioned Costs

\$11,438,933 (\$11,401,433 payments made to contractors outside of the federal program obligation period + \$37,500 liquidated after the deadline) of the \$59,000,396 sampled expenditures from the \$578 million paid to LEAs and subgrantees during the fiscal year ended June 30, 2008.

Recommendations

Education should work with its federal awarding agency to clarify the appropriate obligation period and establish any necessary state policies or regulations as necessary to comply with applicable federal regulations. Education should also strengthen controls over its grant closeout process to ensure that all program funds are liquidated within the required time frame.

Department's View and Corrective Action Plan

Education stated that it does not concur with this condition. Service contracts for the Child Care and Development program are obligations to the State of California at the time they are mailed to the providers and these contracts include a condition regarding the availability of funding. Since all contracts have conditional language regarding availability of funding, the obligation for the October through June portion of the contract would not be an obligation to the State until federal funds are available for obligation.

Per California Education Code, Section 8447(b), contracts and funding terms and conditions shall be issued to child care contractors no later than June 1 of each year. This requirement ensures continuity of the program and reflects availability of both current and prior-year federal funds to fulfill the obligations. The contracts are for the state fiscal year starting July 1 and ending June 30; therefore, all of the contracts referenced in this condition were mailed in June. The first three months of the contracts were obligations as of July 1 and the last nine months as of October 1.

Auditor's Comments on Department's View

Education's position on when it considers these funds obligated is different from previous positions (for example, when contracts are signed and when services are provided) that were provided to the auditors during the audit. Both Education and the auditors have sought clarification from the federal awarding agency regarding when these types of agreements should be considered obligated.

Reference Number:	2008-8-5
Federal Catalog Number:	93.917
Federal Program Title:	HIV Care Formula Grants
Federal Award Numbers and Years:	2X07HA00041-18-00; 2008 6X07HA00041-17-02; 2007
Category of Finding:	Period of Availability
State Administering Department:	California Department of Public Health (Public Health)

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.23—Period of Availability of Funds

- (a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

Condition

During procedures performed over period of availability, we noted one exception out of 30 sample items tested where the expenditure was not obligated during the appropriate period. The one expenditure for \$85,930 was incurred in May 2008, but the period of availability of the grant award was April 1, 2007, through March 31, 2008.

There does not appear to be effective monitoring to ensure that expenditures charged to the grant award are obligated within the required time frames. As a result, an expenditure was incurred and charged to the grant past the period of availability.

Questioned Costs

\$85,930 of the \$2.2 million of sampled program disbursements from the \$105 million total expenditures for the fiscal year ended June 30, 2008.

Recommendation

Public Health should strengthen its policies and procedures to ensure expenditures charged to the grant award were incurred within the appropriate period of availability.

Department's View and Corrective Action Plan

Public Health agrees with this finding. In December 2008, the Division of Office of AIDS (OA) created a Fiscal Management Unit and a Contracts Unit within the Administration Section in order to develop capacity and centralize functions that had been distributed to various units within the Division. The centralization of duties and responsibilities allows the two units to work together to ensure that funding is encumbered in a timely manner, as well as provide additional staff to manage the timelines.

OA has implemented a system so that each funding source has an annual allocation plan that includes the budget, expenditures, and balance. The plans are updated at least monthly to incorporate actual encumbrances and expenditures and to adjust projected encumbrances and expenditures. Administration, Program, and Division provide input to develop and modify the projections and review the balances. Desk procedures are being written to help ensure that staff understand the duties and responsibilities for correctly encumbering contract and grant funding.

While the necessary steps are being taken to ensure Public Health's response for encumbrance of funding is timely, OA occasionally receives invoices late from a contractor that still must be paid for services rendered. The Administration Section will work with program staff to support obtaining invoices more expeditiously from contractors, as well as work with Public Health Accounting to disencumber unspent funds and request any necessary corrections in the California State Accounting and Reporting System. This process will continue at least once each month.

Reference Number:	2008-12-5
Federal Catalog Number:	93.767
Federal Program Title:	State Children's Insurance Program (SCHIP)
Federal Award Numbers and Years:	05-0805CA5021; 2008 05-07A5CA5021; 2007
Category of Finding:	Reporting
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 45—PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (b)(1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (b)(2) Accounting records. Grantees and subgrantees must maintain records, which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Condition

Health Care Services does not ensure that amounts reported on its quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI (CMS-21) report were classified correctly. Although amounts spent on the program reported by Health Care Services are accurate in total, we were unable to verify the accuracy of detailed expenditures reported by line item or category of service.

Health Care Services states that it does not receive enough information from its fiscal intermediary to be able to reconcile and accurately report program expenditures by category of service as required. This is a repeat finding from the prior year.

Questioned Costs

Not applicable.

Recommendation

Health Care Services should continue to actively work with its contractor, Electronic Data Systems (EDS), to redesign the CMS-21 Accounting System to include the capability to accurately report all program expenditures by category of service.

Department's View and Corrective Action Plan

Health Care Services stated it agrees with the recommendation. Health Care Services accounting and the Fiscal Intermediary—Information Technology Management Branch (FI-ITMB) continue to work with EDS to create the capability to accurately report all program expenditures by category of service.

Health Care Services submitted a System Development Notice (SDN) 07040 to EDS for action in 2007, which included a requirement to install a new database and reporting system to automate the quarterly CMS-21 report, with the ability to verify the accuracy of the detailed expenditures reported by line item or category of service. Unfortunately, due to departmental budget reductions, related staffing constraints, and the upcoming reprocurement of the fiscal intermediary contract, Health Care Services had to postpone work on this SDN 07040. Recognizing the importance of complying with this recommendation, Health Care Services has initiated a new SDN (08041) that will allow for the appropriate federal participation percentage to be recorded on a claim's activity record at the time of claim adjudication. This will facilitate the ability to trace the federal participation percentage amounts on Health Care Services accounting's summary reports to the specific claims level, without having to incur the expense of creating a fully automated CMS-21 reporting system at this time. The estimated implementation date for SDN 08041 is September 2009.

Reference Number:	2008-12-6
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5048; 2008 05-0705CA5048; 2007
Category of Finding:	Reporting
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 431—STATE ORGANIZATION AND GENERAL ADMINISTRATION, Subpart A—Single State Agency, Section 431.17—Maintenance of Records

- (b) Content of records. A state plan must provide that the Medicaid agency will maintain or supervise the maintenance of the records necessary for the proper and efficient operation of the plan. The records must include:
 - (2) Statistical, fiscal, and other records necessary for reporting and accountability as required by the secretary.

Condition

The federal expenditures noted in the quarterly CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program, reports are supported by summary reports; however, they are not directly traceable to individual claims. Lack of traceability down to an individual claim level makes us unable to verify the accuracy of the classification of expenditures by line item or category of service (for example, Matching).

This is a repeat finding from the prior year.

Questioned Costs

Not determined.

Recommendation

Health Care Services should implement an audit trail such that funding sources for individual claims can be identified.

Department's View and Corrective Action Plan

Health Care Services stated that its Fiscal Intermediary and Contracts Oversight Division has submitted a Systems Development Notice (SDN) 07040 to redesign the system to incorporate the capability to trace summary reports back to individual claims. However, budget reductions and the upcoming Request for Proposal for replacement of the fiscal intermediary have resulted in the need to postpone work on the SDN. Recognizing the importance of complying with this recommendation, Health Care Services has instructed Electronic Data Systems to prepare an estimate for an alternate interim solution to achieve compliance. This estimate for an interim solution has been received, and Health Care Services has scheduled the interim-solution SDN for completion in September 2009.

Reference Number:	2008-12-7
Category of Finding:	Reporting
State Administering Department:	California Department of Public Health (Public Health)
Federal Catalog Number:	93.283
Federal Program Title:	Centers for Disease Control and Prevention— Investigations and Technical Assistance Program
Federal Award Numbers and Years:	5U90TP917016-08; 2007 5U90TP917016-07; 2006

Federal Catalog Number:	93.889
Federal Program Title:	National Bioterrorism Hospital Preparedness Program
Federal Award Numbers and Years:	U3REP070041-01-03; 2007 U3RHS007572-01-03; 2006 U3RHS05953-01-01; 2005 U3RHS03890-01-05; 2004

Criteria

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.20—Standards for Financial Management Systems

- (b)(1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

- (b)(3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Condition

During procedures performed over reporting, we noted there do not appear to be adequately designed controls in place to ensure accuracy and completeness of required program reporting.

1. We noted no evidence of review and approval of the U.S. Health and Human Services Payment Management System's SF-272, Federal Cash Transactions Report or the PSC-272, Federal Cash Transactions Report—Status of Federal Cash. Public Health's current policies and procedures do not require that evidence of reviews and approvals of these reports be documented.
2. Public Health prepares one PSC-272, Federal Cash Transactions Report—Status of Federal Cash, that includes combined expenditure information for both the Centers for Disease Control and Prevention—Investigations and Technical Assistance Program and the National Bioterrorism Hospital Preparedness Program. We noted that three of the four PSC-272 reports submitted during the fiscal year had underreported expenditures, as follows:
 - a. Second quarter PSC-272 (October 1, 2007 to December 31, 2007) underreported by \$86,520.
 - b. Third quarter PSC-272 (January 1, 2008 to March 31, 2008) underreported by \$2,424,471.
 - c. Fourth quarter PSC-272 (April 1, 2008 to June 30, 2008) underreported by \$3,164,521.

As these reports are cumulative, the total underreported expenditures for the fiscal year ended June 30, 2008, were \$3,164,521. These exceptions were the result of the preparer not including certain expenditures from the Centers for Disease Control and Prevention—Investigations and Technical Assistance Program in the report, which went undetected due to the control deficiencies noted over required reporting.

3. We also noted that while Public Health does have policies in place that require the review and approval of the SF-269, Financial Status Report, it had incorrectly reported the federal share of net outlays of the final SF-269 for the 2004 National Bioterrorism Hospital Preparedness Program, Grant Award Number U3RHS03890, covering the period of December 2007 to April 2008. We noted line 10(j) was reported as \$38,793,726 but should have been reported as \$38,973,726, thus underreporting outlays by \$180,000. This difference appears to have been caused by a transposition error made in the report preparation process that was not detected by Public Health.

Without appropriately designed controls in place, there is increased risk of inaccurate reporting.

Questioned Costs

Not applicable.

Recommendation

Public Health should enhance its current policies and procedures to ensure appropriately designed controls are in place to reduce the risk of material inaccurate reporting.

Department's View and Corrective Action Plan

Conditions 1 and 2: Public Health concurs with the findings. Recognizing the importance of accurate federal reporting, Public Health will continue to have a supervisor or manager review and approve the SF-272 and PSC-272. These review and approval processes were implemented midyear; therefore, some of the Federal Cash Transactions Reports sampled in the audit were prepared prior to the implementation of the review and approval processes.

Condition 3: Public Health concurs with the finding. Recognizing the importance of accurate federal reporting, Public Health will diligently continue to review and approve the final Financial Status Reports (FSRs) it prepares. This transposition of numbers should have been caught during our review and approval process for FSRs.

Reference Number:	2008-13-10
Federal Catalog Number:	93.917
Federal Program Title:	HIV Care Formula Grants
Federal Award Numbers and Years:	2X07HA00041-18-00; 2008 6X07HA00041-17-02; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	California Department of Public Health (Public Health)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (c) Review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity.

Condition

During our procedures performed over subrecipient monitoring, we noted that Public Health did not ensure collection and completeness of a U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* (OMB Circular A-133) audit report required to be submitted for one of the 39 subrecipients subject to OMB Circular A-133 audits for the fiscal year ended June 30, 2007. Without appropriately designed processes and controls in place to ensure all required audit reports are received and reviewed, Public Health risks noncompliance noted in subrecipient OMB Circular A-133 audit reports not being promptly addressed and resolved to comply with federal regulations.

Total exceptions amounted to approximately \$890,000 of the \$5.4 million paid to contractor subrecipients subject to OMB Circular A-133 audits from the \$105 million total expenditures during the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Public Health should design and implement internal controls to ensure that management collects and verifies the completeness of subrecipients' OMB Circular A-133 audit reports and ensure that it issues management decisions within six months of the State's receipt of the subrecipient A-133 audit reports.

Department's View and Corrective Action Plan

The Care Services Program (CSP) provides services to counties and community-based organizations (CBOs) in the State of California. CSP is responsible for obtaining OMB Circular A-133 audit reports from subrecipients that are designated as CBOs that receive funding in excess of \$500,000 from all federal resources. A formal branch-wide process has been implemented in the HIV Care Branch for addressing OMB Circular A-133 subrecipient monitoring requirements. CSP complies with this branch-wide process. CSP requests and follows up on any OMB Circular A-133 audit reports required from contracted CBOs. Therefore, CSP believes it has fulfilled its obligation under programmatic and compliance requirements for its subrecipient CBOs.

Collection of OMB Circular A-133 audits from governmental agencies such as the one cited are not currently required to be collected by CSP, but instead it is a requirement that these audits be sent to the State Controller's Office. Therefore, corrective action measures have not been identified for the CSP at this time.

It should be noted that the Ryan White HIV/AIDS Treatment Modernization Act of 2006 included language requiring that Part B Grantees (states) collect and submit to the Health Resources and Services Administration (HRSA) all audits from grantees within the state. That language is as follows: Section 2617. [300ff-27] STATE APPLICATION (b) (4) (E), "Every 2 years, collect and submit to the Secretary all audits, consistent with OMB Circular A-133, from grantees within the State, including audits regarding funds expended in accordance with this part;"

However, HRSA stated the following regarding this language: "The reauthorized legislation includes a requirement for part B grantees to collect and submit to HRSA all OMB Circular A-133 audits for Ryan White grants in their State. This will begin in fiscal year 2009. HRSA is working with colleagues to develop guidance on the process. Grantees will receive instructions at a later date."

The Office of AIDS, as state grantee of Part B funds, will develop a policy and procedure for complying with this requirement effective 2009 and upon receipt of guidance from HRSA.

Reference Number:	2008-13-11
Federal Catalog Numbers:	93.575 and 93.596
Federal Program Titles:	Child Care Development Fund: Child Care and Development Block Grant & Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award Numbers and Years:	G-0801CACCCDF; 2008, G996005; 2007 2008G999004; 2007, 2008G999005; 2007 G-0701CACCCDF; 2007, G996005; 2006 2007G999004; 2006, 2007G999005; 2006 G-601CACCCDF; 2006, G996005; 2005 2006G999004; 2005, 2006G999005; 2005
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Education (Education)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

- (f)(2) Each pass-through entity shall:
- (b) Monitor the subrecipient's use of federal awards through site visits, limited scope audits, or other means;
 - (c) Review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity; and
 - (d) Require each of its subrecipients of federal awards to permit, as a condition of receiving federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

TITLE 45—PUBLIC WELFARE, PART 92—UNIFORM ADMINISTRATIVE REQUIREMENTS
FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL, AND TRIBAL
GOVERNMENTS, Subpart C—Post-Award Requirements, Section 92.40—Monitoring and Reporting
Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Condition

During procedures performed over subrecipient monitoring, we noted the Child Care Development Fund program local educational agencies (LEAs) are monitored by Education's Consolidated Program Monitoring (CPM) Unit and the other contractors are monitored by Education's Contract Monitoring Review (CMR).

1. During the year ended June 30, 2008, Education performed CPM visits on 154, or approximately 15 percent, of its LEAs. We reviewed Education's policies and procedures regarding its CPM site visits and noted the following:
 - a. The monitoring procedures contained limited fiscal procedures and do not cover all major functions and activities of the program. Procedures performed may be limited to reviewing that the school has a policy rather than selecting a sample of transactions to test the effectiveness of that policy.
 - b. The design of the CPM monitoring instrument(s) includes a section to document the evidence reviewed; however, it only contains check boxes to mark a type of evidence, as opposed to a fill-in section for the reviewer to indicate the scope of the procedures and exact evidence reviewed (for example, selected five students and reviewed the Notification to Parent or reviewed the school's policy for teacher attendance entitled Salaried Employees Bulletin 05 178) to support a more precise account of the procedures performed.
 - c. Education did not have an adequate policy to ensure comprehensive documentation is maintained to support the CPM finding resolution process.

2. We selected a sample of 44 schools monitored between October 2007 and June 2008 and noted 33 of those 44 schools were issued Notification of Findings reports. We reviewed the support for the follow-up that had been performed on those findings to ascertain if it was conducted in a timely manner. Education requires schools to respond with a proposed resolution or corrective action plan within 45 days of receipt of the Notification of Findings.
 - a. There was no evidence that a CPM administrator or director properly reviewed 36 of the 44 sampled reviews.
 - b. For the 33 schools required to submit a proposed corrective action plan within 45 days, 24 submitted a plan between 46 and 116 days after the receipt of the Notification of Findings, and three schools submitted no action plan.
 - c. In reviewing the timeliness of the resolution of these proposed corrective action plans, 17 of the 33 schools had noncompliant findings that were either: a) identified as resolved by CPM and program consultants but not properly/correctly supported, or b) remained unresolved issues with no evidence of follow-up performed by CPM in the last 30 days.

The untimely resolution of outstanding CPM findings appears to be due to a combination of untimely follow-up and ineffective sanctions imposed by Education on its LEAs for failing to implement corrective action plans. Without effective repercussions, the LEAs do not have an incentive to implement corrective actions in a timely manner.

3. During the year ended June 30, 2008, Education completed CMR visits for 234 of its approximately 1,200 contractors. We selected a sample of 60 contractors that had been monitored and noted the following regarding the CMR policies and procedures:
 - a. The standard forms used to document visits do not adequately support whether or not the contractor's use of federal awards were in accordance with authorized purposes and consistent with the laws, regulations, and provisions of the contract and grant agreements.
 - b. Education did not have an adequate policy to ensure comprehensive documentation is maintained to support the CMR finding resolution process.
4. In our sample of 60 contractors monitored between November 2007 and June 2008, 49 were issued Notification of Findings reports. We reviewed the support for the follow-up that had been performed on those findings to ascertain if it was conducted in a timely manner. Education requires contractors to resolve each finding within 45 calendar days of the review date. In instances where issues cannot be resolved within the required 45 day period, the contractor must respond with a proposed resolution or corrective action plan within 45 days of receipt of the Notification of Findings.
 - a. We noted 33 of the 49 contractors that were issued Notification of Findings had no evidence of administrator review.
 - b. For the 40 contractors required to submit a proposed corrective action plan within 45 days, we noted Education did not properly complete one of the Notification of Findings forms.
 - c. Education did not require follow-up for nine of the 49 contractors with findings. These visits were performed by the Alternative Payment Monitoring Unit (APMU) and were for the purpose of completing a statistical sample of error rates for the U.S. Department of Education in four main areas: eligibility, certified hours of care, family fees, and provider reimbursement. Education indicated that since these visits were not part of its CMR process, no response or corrective action plan would be required, and the files were closed. However, we noted that there were significant error rates identified by APMU on these visits. One of the nine contractors had an error rate of 11 percent with the remaining eight contractors having error rates ranging from 36 percent to 78 percent. We also noted Education performed similar monitoring in the prior year and calculated an average error rate of 32 percent. By not requiring corrective action to be implemented for known errors, material noncompliance will go uncorrected for extended periods of time.

There does not appear to be a consistent comprehensive tracking mechanism (for example, a log) utilized by Education to assist in documenting follow-up correspondence regarding finding resolution to promote timely corrective action and ensure business continuity for staffing transitions. As a result, Education disbursed over \$577 million out of a total \$590 million of program expenditures without adequately ensuring LEAs and other contractors were expending funds in accordance with federal guidelines for the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendations

Education should enhance its current policies, procedures, and monitoring instruments to help ensure that adequate evidence is maintained for monitoring visits performed and that contractors' and LEAs' proposed corrective actions from those visits are implemented promptly. Education should also enhance policies and procedures to require its LEAs and contractors to implement corrective action for issues noted during its APMU visits.

Department's View and Corrective Action Plan

Education stated that to strengthen CPM processes, it entered into an agreement with the California Comprehensive Center at WestEd to develop a new Web-based compliance tracking system. The new system will allow LEAs to prepare for CPM on-site visits by completing program instruments online and uploading documents as evidence of compliance. The system will also facilitate more timely follow-up and corrective action by the appropriate Education program manager when a LEA fails to resolve findings of noncompliance within the time period allowed. Education plans to pilot the online reporting system for categorical program monitoring with two regions (Region 4 and Region 10). In July and August 2008, respectively, Education sent letters to the county and district superintendents and charter school administrators of the pilot regions to provide notification and details of the new online reporting system.

Current CPM protocols require all compliance reviewers to "identify the evidence analyzed to determine compliance or noncompliance." In January 2008, Education's Categorical Program Monitoring Unit (Categorical Monitoring) advised reviewers to specifically identify the documents, interviews, and observations used as evidence of noncompliance. Also, in January 2008, Categorical Monitoring initiated reviews of the Notifications of Findings for each monitoring visit. The objectives of these reviews are to verify that documentation of the procedures performed (for example, program and fiscal samples tested or interviews and observations) support the reported conclusions, and signed verification documents are maintained with the Notification of Findings. In addition, Education's fiscal year 2008–09 CPM protocols include Program Office Administrator Responsibilities requiring program administrators to supervise the timely resolution of findings for each assigned CPM field visit.

To strengthen existing controls over the CMR processes, in March 2008 Education updated the CMR processes by requiring documentation to be maintained as evidence of obtaining appropriate review and approvals of the written Summary of Findings. Education will also strengthen procedures to ensure that staff uses consistent methods for documenting follow-up contact with local contractors.

Education does not concur with the KPMG's inference of not having an effective process in place to ensure LEAs implement corrective actions to CPM and CMR findings in a timely manner. Education collegially works with LEAs and other entities in implementing corrective actions to CPM and CMR findings. In some circumstances, corrective action may take several months to fully develop and implement. However, if significant systemic or chronic conditions of noncompliance are found during the CPMs and CMRs, Education's Audits and Investigations Division is available to conduct limited-scope reviews in following up on those conditions. Continuing noncompliance may result

in further administrative action, such as a subrecipient being placed on conditional status or the subrecipient's contract being terminated. Evidence of Education's administrative action processes and results were provided to KPMG.

In regard to the KPMG's comments on the APMU visits, Education has established procedures for identifying high-risk errors. LEAs or contractors deemed to have significant estimated error rates will be required to prepare and implement error rate reduction plans.

Auditor's Comments on Department's View

Based on the results of the samples tested that were disclosed in part 2c and 4c of the audit finding, we believe Education did not have an effective follow-up process in place for the year under audit. Based on Education's response to the audit finding, it has now established processes to follow up on the APMU findings and is also working on a Web-based tracking system for the CPM findings. These corrective actions appear to adequately address our recommendations.

Reference Number:	2008-13-12
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (a) Provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements, which govern the use of such awards and the requirements of this chapter;

Condition

Health Care Services is required to disclose the program information to its subrecipients (for example, program name and identifying numbers) and to provide them with the federal program regulations with which they must comply. Of the sample of 30 agreements passing through federal funds to subrecipients selected for testing, none contained the identifying Catalog of Federal Domestic Assistance (CFDA) number of the federal program that Health Care Services passed through to the subrecipient.

As a result, Health Care Services disbursed more than \$1.5 billion to subrecipients without communicating complete award information for the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Health Care Services should ensure that the identifying number of the federal program is included in each of its subgrant agreements.

Department's View and Corrective Action Plan

Health Care Services agrees with the recommendation. The identifying CFDA numbers were incorporated into the contract templates during the fiscal year ended June 30, 2008, based on the prior-year finding. All contracts will be brought up to date as they are amended.

Reference Number:	2008-13-13
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA5028; 2008 05-0705CA5028; 2007
Category of Finding:	Subrecipient Monitoring
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit Requirements; Exemptions

(f)(2) Each pass-through entity shall:

- (d) Review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity.

Condition

During our procedures performed over subrecipient monitoring, we noted that Health Care Services did not ensure collection and completeness of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* (OMB Circular A-133) audit reports required to be submitted for the four of the 48 counties and local government agency subrecipients subject to OMB Circular A-133 audits. In addition, we noted Health Care Services did not issue management decisions within six months of the receipt of the OMB Circular A-133 audit reports by the State for two of the 30 counties and local government agencies sampled. Without appropriately designed processes and controls in place to ensure all required audit reports are received and reviewed, Health Care Services risks noncompliance noted in subrecipient OMB Circular A-133 audit reports not being promptly addressed and resolved to comply with federal regulations.

Total exceptions amounted to \$264.6 million of the \$1.5 billion paid to counties and local government agency subrecipients subject to OMB Circular A-133 audits during the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Health Care Services should design and implement internal controls to ensure that management collects and verifies the completeness of the subrecipient's OMB Circular A-133 audit reports and ensure that it issues management decisions within six months of the State's receipt of the audit reports.

Department's View and Corrective Action Plan

Health Care Services agrees with the audit finding and recommendation. Formal written procedures have been developed to ensure that Health Care Services collects and verifies the completeness of subrecipients' OMB Circular A-133 audit reports.

The procedures are as follows:

- An annual list of counties and local government agency subrecipients subject to OMB Circular A-133 is developed to ensure that all such reports are received. The list is shared with the State Controller's Office (SCO) staff in order to ensure Health Care Services has a completed list for the year.
- Received reports are logged. Logged details include the fiscal period, date received, date issued, and the auditor assigned to the review.
- The auditor reviews the report for fiscal or program findings that require referral and follow-up for corrective action. If there are no findings, the audit reports are filed.
- The reports with findings related to Medi-Cal are forwarded via a transmittal memo to the Health Care Services program(s) associated with the finding. The transmittal letter identifies the findings in need of follow-up and corrective action. The memo also instructs the Health Care Services program to follow up on the findings and to request a corrective action plan from the subrecipient. Once the corrective action plan is submitted to the Health Care Services program, a copy is forwarded to Health Care Services' Financial Audit Branch and Audit Review and Analysis Section (ARAS). Once ARAS receives a copy of the corrective action plan, it contacts the SCO and provides a copy of the subrecipient's corrective action plan. If the Health Care Services program or subrecipient fails to submit a corrective action plan within 60 days from the date of the memo, ARAS follows up with Health Care Services program staff to ensure a corrective action plan is submitted by the subrecipient.

In October 2008 Health Care Services contacted the SCO to inquire about the status of the four missing reports for the counties. Two of the counties are delinquent in submitting their reports to the SCO, and as a result, Health Care Services has not received the reports. Health Care Services is in the process of following up with the two counties to ensure their reports are submitted. The third county submitted its report to the SCO on April 10, 2008. The SCO reviewed and accepted the report on October 14, 2008, and is in the process of forwarding the report to Health Care Services. As for the fourth county, the report is pending rejection. Once the rejection is approved, the SCO will send out a rejection letter to that county and notify Health Care Services. The rejection letter will instruct the county and its Certified Public Accountant to revise and resubmit the OMB Circular A-133 report to the SCO within 30 days from the date of the rejection letter. Once the 30-day grace period expires, Health Care Services will follow up with the SCO and request a copy of the revised report.

Reference Number:	2008-14-5
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA50001; 2008 05-0705CA50001; 2007
Category of Finding:	Special Tests and Provisions— Provider Eligibility
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 431—STATE ORGANIZATION AND GENERAL ADMINISTRATION, Subpart C—Administrative Requirements: Provider Relations, Section 431.107—Required Provider Agreement

- (b) Agreements. A state plan must provide for an agreement between the Medicaid agency and each provider or organization furnishing services under the plan in which the provider or organization agrees to:
- (1) Keep any records necessary to disclose the extent of services the provider furnishes to recipients;
 - (2) On request, furnish to the Medicaid agency, the Secretary, or the state Medicaid fraud control unit (if such a unit has been approved by the Secretary under Section 455.300 of this chapter), any information maintained under paragraph (b)(1) of this section and any information regarding payments claimed by the provider for furnishing services under the plan;
 - (3) Comply with the disclosure requirements specified in Part 455, Subpart B of this chapter; and
 - (4) Comply with the advance directive requirements for hospitals, nursing facilities, providers of home healthcare and personal care services, hospices, and HMOs specified in Part 489.

Condition

The determination of eligibility for Medi-Cal providers in the State of California is split between the Health Care Services' Provider Enrollment Division (PED) and the Department of Public Health's (Public Health) Licensing and Certification Program (L&C). The PED enrolls nonfacility providers, including doctors, pharmacies, and medical groups and the L&C is responsible for determining the eligibility of facility providers (for example, hospitals and long-term care facilities) within California.

We selected a sample of both facility and nonfacility providers and requested copies of the provider agreements from the PED and L&C. We noted the PED and L&C did not retain federally required provider agreements for 26 of the 50 providers. The breakdown of the providers and exceptions are as follows:

- Seven of the 20 nonfacility providers (for example optometrist, doctors, and pharmacies) selected for testing at Health Care Services did not have a provider agreement.

- Of the 30 facility providers (for example hospitals and long-term care facilities), 19 did not have a provider agreement at Public Health.

Total exceptions amounted to \$305,542 of the \$347,426 sampled from the total \$9.8 billion paid for fee-for-service claims for the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Health Care Services and Public Health should strengthen their controls to retain all provider agreements and continue efforts to ensure that they obtain the appropriate certifications and agreements.

Department's View and Corrective Action Plan

Health Care Services stated it concurs with this recommendation. Health Care Services is continuing with its plan to reenroll all Medi-Cal providers as a continuous process, verifying and updating the original enrollment information and ensuring compliance with current state and federal regulations. As part of the reenrollment process, phases of reenrollment have been specifically dedicated to targeting providers who do not have a provider agreement on file.

In addition, the PED is continuing to collect provider agreements through applications submitted by providers requesting changes of location, addition of new locations, and other updates to their records.

The PED has entered into an agreement with L&C, which as of July 1, 2007, resides in the newly created California Department of Public Health, to delegate authority for the certification of health care facilities for participation in the Medi-Cal program, as authorized in Title XIX of the Social Security Act, and for the implementation of certain nursing home reform activities mandated by the Omnibus Budget Reconciliation Act (OBRA) of 1987 (PL 100-203) and the OBRA of 1989 (PL 101-239) for the Nurse Aide Training and Competency Evaluation Program. The scope of L&C's authority includes applying the certification requirements for participation as providers of health care services in the Title XIX Program as set forth in federal regulations. These health care facilities and agencies are as follows:

1. Skilled nursing facilities
2. Nursing facilities
3. Intermediate care facilities for the mentally retarded
4. Hospitals
5. Home health agencies
6. Hospices
7. Ambulatory surgical centers
8. End-stage renal dialysis centers
9. Rural health clinics
10. Comprehensive outpatient rehabilitation facilities

Currently, L&C has finalized a new provider agreement that meets the requirements under 42 CFR, Part 432.107, for health facilities. L&C has begun collecting and maintaining copies of agreements of the dually certified facilities. The anticipated date for completion is April 1, 2009.

Reference Number:	2008-14-6
Federal Catalog Number:	93.778
Federal Program Title:	Medicaid Cluster: Medical Assistance Program (Medi-Cal)
Federal Award Numbers and Years:	05-0805CA50001; 2008 05-0705CA50001; 2007
Category of Finding:	Special Tests and Provisions— Provider Eligibility
State Administering Department:	Department of Health Care Services (Health Care Services)

Criteria

TITLE 42—PUBLIC HEALTH, PART 440—SERVICES: GENERAL PROVISIONS,
Subpart A—Definitions, Section 440.120—Prescribed Drugs, Dentures, Prosthetic Devices,
and Eyeglasses

- (a)(3) Prescribed drugs are to be dispensed by the licensed pharmacist or practitioner on a written prescription that is recorded and maintained in the pharmacist's or practitioner's records.

TITLE 42—PUBLIC HEALTH, PART 424—CONDITIONS FOR MEDICARE PAYMENT,
Subpart D—To Whom Payment Is Ordinarily Made, Section 424.57—Special Payment Rules for Items
Furnished by Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Suppliers
and Issuance of DMEPOS Supplier Billing Privileges

- (a) Definitions. As used in this section, the following definitions apply:
- Accredited DMEPOS suppliers means suppliers that have been accredited by a recognized independent accreditation organization approved by Centers for Medicare and Medicaid Services (CMS) in accordance with the requirements at Section 424.58.
 - CMS approved accreditation organization means a recognized independent accreditation organization approved by CMS under Section 424.58.
 - DMEPOS stands for durable medical equipment, prosthetics, orthotics and supplies.
 - DMEPOS supplier means an entity or individual, including a physician or a Part A provider, which sells or rents Part B covered items to Medicare beneficiaries and which meets the standards in paragraph (c) of this section.
 - Independent accreditation organization means an accreditation organization that accredits a supplier of DMEPOS and other items and services for a specific DMEPOS product category or a full line of DMEPOS product categories.
 - Medicare covered items means medical equipment and supplies as defined in Section 1834(j)(5) of the Act.
- (b) General rule. A DMEPOS supplier must meet the following conditions in order to be eligible to receive payment for a Medicare-covered item:

- (1) The supplier has submitted a completed application to CMS to furnish Medicare-covered items including required enrollment forms. (The supplier must enroll separate physical locations it uses to furnish Medicare-covered DMEPOS, with the exception of locations that it uses solely as warehouses or repair facilities.)
- (2) The item was furnished on or after the date CMS issued to the supplier a DMEPOS supplier number conveying billing privileges. (CMS issues only one supplier number for each location.) This requirement does not apply to items furnished incident to a physician's service.
- (3) CMS has not revoked or excluded the DMEPOS supplier's privileges during the period, which the item was furnished has not been revoked or excluded.
- (4) A supplier that furnishes a drug used as a Medicare-covered supply with durable medical equipment or prosthetic devices must be licensed by the state to dispense drugs (A supplier of drugs must bill and receive payment for the drug in its own name. A physician, who is enrolled as a DMEPOS supplier, may dispense, and bill for, drugs under this standard if authorized by the state as part of the physician's license.)

Condition

The determination of the eligibility for Medi-Cal providers in California is split between the Health Care Services' Provider Enrollment Division (PED) and the Department of Public Health's Licensing and Certification Program (L&C). The PED enrolls nonfacility providers, including doctors, pharmacies, and medical groups and L&C is responsible for determining the eligibility of facility providers, including hospitals and long-term care facilities, within California.

We selected a sample of both facility and nonfacility providers and requested documentation to support an active license during the fiscal year ended June 30, 2008. We noted the PED was unable to locate documentation in the provider file to support active licenses for six of the 50 providers sampled. In order to ascertain if the six providers' licenses (three pharmacies and three physicians) were active, we independently confirmed the license status by accessing the licensing information through the California State Board of Pharmacy Web site and the Medical Board of California Web site. We were able to validate that all six providers did, in fact, maintain active licenses where the PED was unable to provide documentation.

We noted that the PED does not appear to have adequate controls to monitor provider license status. It does not have a system that automatically discontinues eligibility to receive Medicaid funds upon expiration of licenses. If no updated license has been received, there is risk that unlicensed medical providers will receive Medicaid funds.

Questioned Costs

Not determined.

Recommendation

Health Care Services should strengthen its controls to verify that provider licenses are current and active.

Department's View and Corrective Action Plan

Health Care Services concurs with the recommendation to strengthen its controls to verify that provider licenses are current and active. As a condition for participation or continued participation, providers agree to comply with all program requirements stipulated in their Medi-Cal Provider Agreement. By law, the provider is required to keep its application for enrollment in the Medi-Cal program current by informing Health Care Services within 35 days of any changes to the information contained in its application for enrollment.

Accordingly, provider licensing information is verified and updated when providers submit a new application to report a new, additional, or change in location. In addition, state law requires a new application to be submitted when there is a change in the business entity. Health Care Services continually verifies provider information to ensure compliance with state and federal requirements in its ongoing reenrollment efforts.

Lastly, Health Care Services' Office of Legal Services (OLS) is notified of actions taken against licensed providers who have been disciplined, revoked, or suspended by the respective licensing boards or the federal Medicaid/Medicare program. The OLS provides written notice to Medi-Cal providers of suspension or ineligibility, a copy of which is sent to the PED to update the Provider Master File by coding the provider as suspended and adding the provider to the Suspended and Ineligible list. The PED utilizes this list and the U.S. Department of Health and Human Services' Office of Inspector General's List of Excluded Individuals/Entities in the review of each application for all provider types. Health Care Services is currently involved in identifying improvements in this process to ensure that immediate action is taken to remove suspended physicians from Medi-Cal. One potential improvement is to participate in database file matches with the California Medical Board that would allow for automated updates to physician records. This process has been explored in the past and is being revisited.

Current staffing levels do not allow for specific focus on the status of provider licenses; however, the statutory program requirements noted above enable Health Care Services to monitor physician providers on an ongoing basis.

U.S. DEPARTMENT OF HOMELAND SECURITY

Reference Number: 2008-3-9
 Category of Finding: Cash Management
 State Administering Department: Governor's Office of Emergency Services
 (Emergency Services)
 Federal Catalog Number: 97.036
 Federal Program Title: Disaster Grants—Public Assistance
 (Presidentially Declared Disasters)
 Federal Award Numbers and Years: FEMA-1628-DR; 2006
 FEMA-1505-DR; 2004
 FEMA-1008-DR; 1994

Federal Catalog Number: 97.067
 Federal Program Title: Homeland Security Grant Program
 Federal Award Numbers and Years: GE-T7-0008; 2007
 GE-T6-0071; 2006
 GE-T5-0015; 2005

Criteria

TITLE 31—MONEY AND FINANCE: TREASURY, CHAPTER II—FISCAL SERVICE, DEPARTMENT OF THE TREASURY, PART 205—RULES AND PROCEDURES FOR EFFICIENT FEDERAL-STATE FUNDS TRANSFERS, Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement, Section 205.11—What Requirements Apply to Funding Techniques?

- (a) A state and a federal program agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the state's payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

TITLE 28—JUDICIAL ADMINISTRATION, PART 66—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE, Subpart C—Post-Award Requirements, Section 66.21—Payment

- (a) Scope. This section prescribes the basic standard and the methods under which a federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.
- (b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR Part 205.

TITLE 44—EMERGENCY MANAGEMENT AND ASSISTANCE, PART 13—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE, Subpart C—Post-Award Requirements, Section 13.21—Payment

- (a) Scope. This section prescribes the basic standard and the methods under which a federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

- (b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR Part 205.

Condition

During our procedures performed over cash management requirements and Emergency Services' payment processes to its subrecipients, we reviewed a sample of subrecipient reimbursement requests for reimbursement amounts due back to subrecipients to ascertain if Emergency Services was minimizing the time between the subrecipient expenditure of program funds and its subsequent reimbursement. We reviewed the date the reports requesting reimbursement were received by Emergency Services and compared those dates with the dates payments were actually disbursed to the subrecipients.

Based on policies and procedures in place, Emergency Services has 30 days to process and review the subrecipients' reimbursement request with supporting documentation prior to forwarding the request to the State Controller's Office (SCO) for payment processing. We also noted that under normal circumstances, it takes the SCO up to 15 days to process the payment request and issue a warrant to the subgrantee. Therefore, under normal circumstances, reimbursement requests should be processed within 45 days from the date the request was received from the subrecipient to the date it was disbursed.

Disaster Grants—Public Assistance (Presidentially Declared Disasters)

In our sample of 30 subrecipient reimbursement requests, we noted that 14 of the 30 samples, totaling \$19,949,048, were not processed and submitted by Emergency Services to the SCO within 30 days. This ultimately resulted in 13 out of the 30 sampled reimbursement requests, totaling \$19,053,543, with total processing times greater than 45 days. These untimely disbursements ranged from 49 to 406 days. We did note that the State's fiscal year 2007–08 budget was not passed until the end of August 2007 and that payments could not be made by the SCO until the state budget was passed, which accounted for six of the 13 exceptions, totaling \$5,718,020.

Current policies and procedures do not appear to be effective in minimizing the timing of reimbursement payments made to subrecipients. As a result, Emergency Services disbursed approximately \$19,053,543 of the \$51,607,413 sampled without minimizing the time between the receipt of reimbursement request (for example, subrecipient need) and disbursement of federal funds. Amounts paid to subrecipients totaled \$167 million during the fiscal year ended June 30, 2008.

Homeland Security Grant Program

In our sample of 30 subrecipient reimbursement requests, we noted that 11 of the 30 samples, totaling \$3,924,109, were not processed and submitted by Emergency Services to the SCO within 30 days. Additionally, 10 of the 30 samples, totaling \$1,850,630, were not processed and a payment was not issued by the SCO within 15 days. Consequently, for 10 of the 30 samples, totaling \$3,853,457, total processing times were in excess of 45 days from the date the request was received from the subrecipient to the date it was disbursed. These untimely disbursements ranged from 48 to 198 days. We did note that the State's fiscal year 2007–08 budget was not passed until the end of August 2007 and that payments could not be made by the SCO until the state budget was passed, which accounted for four of the 10 exceptions, totaling \$1,765,366.

Current policies and procedures do not appear to be effective in minimizing the timing of reimbursement payments made to subrecipients. As a result, Emergency Services disbursed approximately \$3,853,457 of the \$5,121,397 sampled without minimizing the time between the receipt of reimbursement request (for example, subrecipient need) and disbursement of federal funds. Amounts paid to subrecipients totaled \$156 million during the fiscal year ended June 30, 2008.

Questioned Costs

Not determined.

Recommendation

Emergency Services should enhance its policies and procedures to more effectively track and monitor processing time from the date of the reimbursement request to the payment date to ensure the timing of disbursement is reasonable and consistent with the applicable federal guidelines to reduce the risk of potential noncompliance.

Department's View and Corrective Action Plan

Emergency Services and Homeland Security (California Emergency Management Agency—CalEMA, as of January 1, 2009) noted the findings identified for each program regarding disbursements not being issued promptly from the date of the Request for Reimbursement. Emergency Services prioritizes timely payment of subrecipients' requests for reimbursement, and attempts to complete these transactions within the 45-day window specified, though not statutorily mandated, as reasonable, since neither the Public Assistance nor Homeland Security Grants are subject to the Prompt Payment Act.

Emergency Services must, prior to payment of reimbursement requests, assure that all issues related to the amount for reimbursement have been resolved and that reimbursement requests are compliant with grant requirements. If errors or discrepancies are found in the Request for Reimbursement, Emergency Services policy dictates a courtesy telephone call to the subrecipient, in an attempt to resolve any identified issues. On some occasions, this process causes the delay of request for reimbursement until the issues are resolved, adding additional days to the payment process and occasionally causing the reimbursement to be issued beyond 45 days from receipt of the request.

Our review of the Public Assistance subrecipients tested by the auditors indicated that seven of the late disbursements (five for the Public Assistance Program and two for the Homeland Security Grant Program) were related to errors in the initial reimbursement requests and available funding, which took additional time to resolve.

Additionally, the nature of Emergency Services operations dictates assistance with coordination of emergency response, reducing the number of available resources for payment processing, as well as increasing the number of requests for processing in periodic times of emergency or disaster.

Our review of the subrecipients sampled indicated that one of the Public Assistance subrecipient requests was late due to receipt of the reimbursement request during an ongoing emergency.

Finally, six of the Public Assistance disbursements and four of the Homeland Security disbursements were delayed because the State's budget was not passed until the end of August 2007 for the fiscal year 2008, and payments could not be made by the SCO until the state budget was passed.

Emergency Services has created a log to document issues and monitor timing and exceptions for disbursement of funds from reimbursement requests. The log has been in the testing process during December 2008, and will be implemented as soon as the agency is certain that it is working as intended. The deliverable is targeted to be implemented upon confirmation that it is functioning properly.

Reference Number:	2008-13-14
Category of Finding:	Subrecipient Monitoring

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Federal Catalog Number: 97.036

Federal Program Title: Disaster Grants—Public Assistance
(Presidentially Declared Disasters)

Federal Award Numbers and Years: FEMA-919-DR; 1991 FEMA-1008-DR; 1994
FEMA-1044-DR; 1995 FEMA-1046-DR; 1995
FEMA-1155-DR; 1996 FEMA-1203-DR; 1998
FEMA-1498-DR; 2003 FEMA-1505-DR; 2004
FEMA-1529-DR; 2004 FEMA-1577-DR; 2005
FEMA-1585-DR; 2005 FEMA-1628-DR; 2006
FEMA-1646-DR; 2006 FEMA-1731-DR; 2007

Federal Catalog Number: 97.046

Federal Program Title: Fire Management Assistance Grant

Federal Award Numbers and Years: FEMA-2763-FM-CA; 2008
FEMA-2766-FM-CA; 2008
FEMA-2770-FM-CA; 2008
FEMA-2771-FM-CA; 2008
FEMA-2772-FM-CA; 2008
FEMA-2776-FM-CA; 2008
FEMA-2706-FM-CA; 2007
FEMA-2708-FM-CA; 2007
FEMA-2728-FM-CA; 2007
FEMA-2729-FM-CA; 2007
FEMA-2700-FM-CA; 2007

Criteria

TITLE 31—MONEY AND FINANCE, SUBTITLE V—GENERAL ASSISTANCE
ADMINISTRATION, CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS, Section 7502—Audit
Requirements; Exemptions

- (f)(2) Each pass-through entity shall:
- (b) Monitor the subrecipient's use of federal awards through site visits, limited scope audits, other means;
 - (c) Review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity; and

TITLE 44—EMERGENCY MANAGEMENT AND ASSISTANCE, PART 13—UNIFORM
ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE, Subpart
C—Post-Award Requirements, Section 13.40—Monitoring and Reporting Program Performance

- (a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Condition

Disaster Grants—Public Assistance (Presidentially Declared Disasters)

Emergency Services did not adequately monitor its subrecipients of funds for its Public Assistance program with small projects totaling \$16,997,622 for the fiscal year ended June 30, 2008. Emergency Services performed during-the-award-process monitoring over its large projects through submission of quarterly reports to the Federal Emergency Management Agency, which are used to provide specific information and progress reports for large projects; however, this process is being followed and implemented for large projects only. Emergency Services should also perform during-the-award-process monitoring over its subrecipients with small projects in order to determine that all of its subrecipients are in compliance with federal program requirements and to work with the subrecipients to correct any deficiencies noted during the monitoring process.

Additionally, Emergency Services did not adequately perform monitoring procedures to ensure all of its subrecipients were completing required U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* (OMB Circular A-133) audits. During the fiscal year ended June 30, 2008, Emergency Services began reviewing OMB Circular A-133 audits for subrecipients that received more than \$500,000 directly from Emergency Services. However, it did not perform procedures over subrecipients that received less than \$500,000 directly from Emergency Services in order to determine whether those same subrecipients may have received federal funds from other sources that, combined with the amount received from Emergency Services, exceeded the \$500,000 threshold for the fiscal year, and therefore, are subject to OMB Circular A-133 audit requirements.

In our sample of 30 subrecipients that received funding from Emergency Services, we noted 20 were not adequately monitored:

- One entity received approximately \$27 million from Emergency Services; however, the entity did not submit its OMB Circular A-133 audit report, and Emergency Services did not perform follow-up procedures to request a copy of the report.
- For 19 entities that individually did not receive greater than \$500,000 from Emergency Services but in total received \$1,566,785, there were no follow-up procedures made either to ask for a copy of an OMB Circular A-133 audit report or to verify that the entity was not required to submit such a report.

For the 19 entities mentioned above, we performed additional procedures to verify whether the entities were subject to the OMB Circular A-133 audit requirement. We downloaded the Federal Audit Clearinghouse Database for all entities that filed 2007 OMB Circular A-133 audit reports, and we verified whether any of the 19 entities were listed, noting that two entities were listed in the database, and therefore, should have submitted a copy of their OMB Circular A-133 audit report to Emergency Services. For the remaining 17 entities that were not included in the Federal Audit Clearinghouse Database, we accessed each of the entities' respective Web site and reviewed its financial statements in order to verify if the entity's financial statements indicated that it had received greater than \$500,000 in federal funds. Of the remaining 17 entities, the financial statements of one entity indicated it received \$12 million in "Grants" during the fiscal year ended June 30, 2007. Although the financial statements did not specify if the grants were federal or state grants, Emergency Services should have verified and performed follow-up procedures to determine if the entity was indeed subject to OMB Circular A-133 audit requirements.

Total exceptions, where sufficient follow-up was not performed to ensure required OMB Circular A-133 audits were being submitted amounted to \$28,747,710 of the \$70,622,329 sampled out of the total \$167 million paid to subrecipients during the fiscal year ended June 30, 2008.

Fire Management Assistance Grant

Emergency Services did not adequately monitor that all of its subrecipients were completing the required OMB Circular A-133 audits. During the fiscal year ended June 30, 2008, Emergency Services began reviewing OMB Circular A-133 audits received for subrecipients that received more than \$500,000 directly from Emergency Services. However, it did not perform procedures over subrecipients which received less than \$500,000 directly from Emergency Services in order to determine whether those same subrecipients may have received federal funds from other sources that, combined with the amount received from Emergency Services, exceeded the \$500,000 threshold for the fiscal year, and therefore, were subject to OMB Circular A-133 audit requirements.

We reviewed all 28 subrecipients that received funding from Emergency Services during the fiscal year ended June 30, 2007, as these were the subrecipients who should have submitted audit reports to Emergency Services during the fiscal year ended June 30, 2008, if applicable. These included entities that received more than \$500,000 and entities that received less than \$500,000 from Emergency Services.

In our sample of 28 subrecipients that received funding from Emergency Services, seven were not adequately monitored:

- For seven entities, totaling \$271,470, no follow-up procedures were made to either ask for a copy of the OMB Circular A-133 audit report or verify that the entity was not required to submit such a report. Without performing the appropriate verification and follow-up procedures, Emergency Services could not ensure that all of its subrecipients were complying with federal program requirements.

Total exceptions, where sufficient follow-up was not performed to ensure that all required OMB Circular A-133 audits were being submitted amounted to \$271,470 of the \$3,537,245 sampled. The total paid to subrecipients during the fiscal year ended June 30, 2008, amounted to \$59.2 million.

Questioned Costs

None determined.

Recommendations

Emergency Services should perform during-the-award monitoring procedures over its subrecipients with small projects in order to determine that all of its subrecipients are in compliance with federal program requirements and to work with the subrecipients to correct any deficiencies noted.

Further, Emergency Services should develop a process to ensure that all of its subrecipients who are subject to OMB Circular A-133 audit requirements are appropriately submitting their related audit reports for monitoring purposes. Emergency Services should also develop a process to verify if subrecipients receiving less than \$500,000 from it during a fiscal year also receive federal funds from other sources, which in the aggregate would require them to have an OMB Circular A-133 audit.

Department's View and Corrective Action Plan

Two separate and distinct areas of deficiency related to Disaster Grants—Public Assistance and the Fire Management Assistance Program subrecipient monitoring are addressed in the BSA's finding related to the above grants. Emergency Services' response has been separated to address each of these areas of concern.

Disaster Grants—Public Assistance (Presidentially Declared Disasters)

Emergency Services concurs with the portion of the finding related to the inadequate monitoring of subrecipients who receive Public Assistance program funds for small projects. Historically, due to limited staffing Emergency Services has based monitoring reviews on payments made on large

Public Assistance projects in order to address the area of highest risk to Emergency Services. However, at this time, Emergency Services has implemented procedures to conduct desk reviews based on statistical sampling of ALL grant payments and considers the implementation of this process sufficient to resolve the issue.

Disaster Grants—Public Assistance (Presidentially Declared Disasters) and Fire Management Assistance Grant

Emergency Services concurs with the finding related to monitoring the receipt of subrecipient OMB Circular A-133 audit reports. Emergency Services has implemented procedures, whereby subrecipients receiving less than \$500,000 in Emergency Services grant funds self-certify if they have expended greater than \$500,000 in federal awards from all sources in a year. As of the implementation of this process, Emergency Services considers the condition corrected.

AUDITEE'S SECTION

Blank page inserted for reproduction purposes only.

Schedule of Federal Assistance

Prepared by Department of Finance

Blank page inserted for reproduction purposes only.

May 2009

**STATE OF CALIFORNIA
SCHEDULE OF FEDERAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2008**

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Department of Agriculture		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 10,971
Wildlife Services	10.028	90,597
Market Protection and Promotion	10.163	303,117
Food Safety Cooperative Agreements	10.479	32,488
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	941,188,583
Child and Adult Care Food Program	10.558	252,237,883
State Administrative Expenses for Child Nutrition	10.560	19,023,467
Commodity Supplemental Food Program	10.565	15,639,355 -
WIC Farmers' Market Nutrition Program (FMNP)	10.572	2,303,054
Team Nutrition Grants	10.574	352,903
Senior Farmers Market Nutrition Program	10.576	621,298
Child Nutrition Discretionary Grants Limited Availability	10.579	142,773
Cooperative Forestry Assistance	10.664	9,120,570 ***
Schools and Roads - Grants to States	10.665	66,500,056
National Forest - Dependent Rural Communities	10.670	259,882
Rural Development, Forestry, and Communities	10.672	80,537
Urban and Community Forestry Program	10.675	1,202,519
Forest Legacy Program	10.676	2,007,314
Forest Land Enhancement Program	10.677	263,965
Forest Stewardship Program	10.678	376,752
Forest Health Protection	10.680	157,582
Environmental Quality Incentives Program	10.912	685,032
Other - U.S. Department of Agriculture	10.999	35,429,315
Total Excluding Clusters		1,348,030,013
Food Stamp Cluster		
Food Stamps	10.551	2,866,358,206 -
State Administrative Matching Grants for Food Stamp Program	10.561	503,519,518
Total Food Stamp Cluster		3,369,877,724
Child Nutrition Cluster		
School Breakfast Program	10.553	271,632,962
National School Lunch Program	10.555	1,169,692,760 -
Special Milk Program for Children	10.556	589,280
Summer Food Service Program for Children	10.559	14,229,280
Total Child Nutrition Cluster		1,456,144,283
Emergency Food Assistance Cluster		
Emergency Food Assistance Program (Administrative Costs)	10.568	7,880,230
Emergency Food Assistance Program (Food Commodities)	10.569	26,853,345 -
Total Emergency Food Assistance Cluster		34,733,575
Research & Development Cluster		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	120,864
Total Research & Development Cluster		120,864
Total U.S. Department of Agriculture		6,208,906,459

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Department of Commerce		
Anadromous Fish Conservation Act Program	11.405	255,026
Interjurisdictional Fisheries Act of 1986	11.407	109,422
Coastal Zone Management Administration Awards	11.419	3,436,831
Coastal Zone Management Estuarine Research Reserves	11.420	1,577,280
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	11.438	14,900,942
Unallied Management Projects	11.454	893,577
Coastal Services Center	11.473	26,001
Other - U.S. Department of Commerce	11.999	111,477
Total Excluding Cluster		<u>21,310,557</u>
Research & Development Cluster		
Coastal Zone Management Estuarine Research Reserves	11.420	146,944
Habitat Conservation	11.463	100,000
Total Research & Development Cluster		<u>246,944</u>
Total U.S. Department of Commerce		<u><u>21,557,501</u></u>
Department of Defense		
Planning Assistance to States	12.110	2,202,738
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	10,054,131
Military Construction, National Guard	12.400	15,102
National Guard Military Operations and Maintenance (O&M) Projects	12.401	53,505,698
National Guard Civilian Youth Opportunities	12.404	7,299,113
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment or Closure of a Military Installation	12.607	128,087
Basic, Applied, and Advanced Research in Science and Engineering	12.630	18,933
Other - U.S. Department of Defense	12.999	1,595,851
Total U.S. Department of Defense		<u><u>74,819,653</u></u>
Department of Housing and Urban Development		
Manufactured Home Construction and Safety Standards	14.171	129,098
Community Development Block Grants/State's Program	14.228	71,613,912
Emergency Shelter Grants Program	14.231	7,231,024
Supportive Housing Program	14.235	2,473,074 **
HOME Investment Partnerships Program	14.239	127,246,005 **
Housing Opportunities for Persons with AIDS	14.241	2,680,493
Equal Opportunity in Housing	14.400	1,440,602
Section 8 Housing Choice Vouchers	14.871	4,436,755
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	1,824,948
Total U.S. Department of Housing and Urban Development		<u><u>219,075,910</u></u>

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Department of Interior		
Distribution of Receipts to State and Local Governments	15.227	75,057,495
Small Reclamation Projects	15.503	212,282
Water 2025	15.507	173,314
Fish and Wildlife Coordination Act	15.517	57,446
California Water Security and Environmental Enhancement	15.533	(1,027,000)
Coastal Wetlands Planning, Protection and Restoration Act	15.614	500,001
Cooperative Endangered Species Conservation Fund	15.615	3,620,792
Clean Vessel Act	15.616	2,458,548
Sportfishing and Boating Safety Act	15.622	602,721
Landowner Incentive Program	15.633	486,274
State Wildlife Grants	15.634	2,772,897
Migratory Bird Conservation	15.647	229,461
Earthquake Hazards Reduction Program	15.807	72,995
U.S. Geological Survey-Research and Data Acquisition	15.808	828,389
Historic Preservation Fund Grants-In - Aid	15.904	1,242,535
Outdoor Recreation-Acquisition, Development and Planning	15.916	4,245,301
Other - U.S. Department of the Interior	15.999	8,831,917
Total Excluding Clusters		<u>100,365,369</u>
Fish and Wildlife Cluster		
Sport Fish Restoration Program	15.605	13,261,592
Wildlife Restoration	15.611	10,397,577
Total Fish and Wildlife Cluster		<u>23,659,170</u>
Research & Development Cluster		
California Water Security and Environmental Enhancement	15.533	1,027,000
Coastal Wetlands Planning, Protection and Restoration Act	15.614	120,201
Wildlife Restoration	15.611	178,707
U.S. Geological Survey-Research and Data Acquisition	15.808	24,390
Other - U.S. Department of the Interior	15.999	100,000
Total Research & Development Cluster		<u>1,450,298</u>
Total U.S. Department of Interior		<u><u>125,474,836</u></u>
Department of Justice		
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	178,047
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	133,389
Juvenile Accountability Block Grants	16.523	4,020,300
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	7,133,105
Title V - Delinquency Prevention Program	16.548	1,033,367
National Criminal History Improvement Program (NCHIP)	16.554	1,246,514
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2,327,123
Crime Victim Assistance	16.575	41,410,505
Crime Victim Compensation	16.576	37,070,592
Edward Byrne Memorial Formula Grant Program	16.579	2,149,167
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2,302,324
Crime Victim Assistance/Discretionary Grants	16.582	128,170
Drug Court Discretionary Grant Program	16.585	71,655
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	12,623,789
Violence Against Women Formula Grants	16.588	9,369,743

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program	16.589	199,143
Residential Substance Abuse Treatment for State Prisoners	16.593	1,486,973
State Criminal Alien Assistance Program	16.606	211,916,569
Bulletproof Vest Partnership Program	16.607	167,632
Community Prosecution and Project Safe Neighborhoods	16.609	1,350,411
Regional Information Sharing Systems	16.610	5,387,154
Public Safety Partnership and Community Policing Grants	16.710	2,440,794
Enforcing Underage Drinking Laws Program	16.727	848,395
Protecting Inmates and Safeguarding Communities	16.735	700,343
Edward Byrne Memorial Justice Assistance Grant Program	16.738	32,659,437
Forensic DNA Capacity Enhancement Program	16.741	262,673
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	776,034
Anti-Gang Initiative	16.744	2,121,575
Other - U.S. Department of Justice	16.999	1,150,047
Total U.S. Department of Justice		382,664,970
Department of Labor		
Labor Force Statistics	17.002	7,364,843
Compensation and Working Conditions	17.005	642,476
Unemployment Insurance	17.225	6,265,563,886
Senior Community Service Employment Program	17.235	7,244,471
Trade Adjustment Assistance	17.245	22,571,537
WIA Pilots, Demonstrations, and Research Projects	17.261	5,554,300
Work Incentives Grant	17.266	1,719,135
Community Based Job Training Grants	17.269	277,753
Work Opportunity Tax Credit Program (WOTC)	17.271	1,762,709
Temporary Labor Certification for Foreign Workers	17.273	2,009,145
Occupational Safety and Health - State Program	17.503	22,022,900
Consultation Agreements	17.504	5,529,042
Mine Health and Safety Grants	17.600	322,217
Total Excluding Clusters		6,342,584,415
Employment Services Cluster		
Employment Service/Wagner-Peyser Funded Activities	17.207	82,460,000
Disabled Veterans' Outreach Program (DVOP)	17.801	11,010,452
Local Veterans' Employment Representative Program	17.804	6,989,674
Total Employment Services Cluster		100,460,127
WIA Cluster		
WIA Adult Program	17.258	113,332,140
WIA Youth Activities	17.259	124,936,192
WIA Dislocated Workers	17.260	169,572,846
Total WIA Cluster		407,841,177
Total U.S. Department of Labor		6,850,885,719
Department of Transportation		
Airport Improvement Program	20.106	97,485
Motor Carrier Safety	20.217	13,147,558
National Motor Carrier Safety	20.218	3,947,909
Border Enforcement Grants	20.233	664,643

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240	1,306
Federal Transit - Metropolitan Planning Grants	20.505	49,488,828
Formula Grants for Other Than Urbanized Areas	20.509	22,370,622
Pipeline Safety	20.700	1,657,483
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	1,247,319
Others-Department of Transportation	20.999	199,744
Total Excluding Clusters		<u>92,822,896</u>
Highway Planning and Construction Cluster		--
Highway Planning and Construction	20.205	2,801,966,501
Federal Transit Cluster		
Federal Transit - Capital Investment Grants	20.500	12,917,517
Highway Safety Cluster		
State and Community Highway Safety	20.600	90,417,188
Research & Development Cluster		
Highway Planning and Construction	20.205	12,299,325
Formula Grants for Other Than Urbanized Areas	20.509	246,402
Total Research & Development Cluster		<u>12,545,727</u>
Total U.S. Department of Transportation		<u><u>3,010,669,830</u></u>
Equal Employment Opportunity Commission		
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	2,497,900
General Services Administration		
Donation of Federal Surplus Personal Property	39.003	7,386,334
National Foundation on the Arts and the Humanities		
Promotion of the Arts - Partnership Agreements	45.025	1,052,700
Grants to States	45.310	17,327,325
Total National Foundation on the Arts and Humanities		<u><u>18,380,025</u></u>
Department of Veterans Affairs		
Grants to States for Construction of State Home Facilities	64.005	43,545,377
Veterans State Domiciliary Care	64.014	10,198,456
Veterans State Nursing Home Care	64.015	13,288,783
Veterans State Hospital Care	64.016	64,296
Burial Expenses Allowance for Veterans	64.101	87,300
Veterans Housing-Guaranteed and Insured Loans	64.114	102,784,359
All-Volunteer Force Educational Assistance	64.124	100,255

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
State Cemetery Grants	64.203	1,147,642
Other-U.S. Department of Veterans Affairs	64.999	1,490,863
Total U.S. Department of Veteran's Affairs		172,707,331
Environmental Protection Agency		
Air Pollution Control Program Support	66.001	6,287,478
State Indoor Radon Grants	66.032	51,792
Congressionally Mandated Projects	66.202	230,683
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	5,954,559
State Public Water System Supervision	66.432	10,591,781
State Underground Water Source Protection	66.433	778,054
Surveys, Studies, Demonstrations, and Special Purpose Grants - Section 1442 of the Safe Drinking Water Act	66.436	513,497
Targeted Watersheds Grants	66.439	606,614
Water Quality Management Planning	66.454	407,510
National Estuary Program	66.456	37,646
Capitalization Grants for Clean Water State Revolving Funds	66.458	127,580,025
Nonpoint Source Implementation Grants	66.460	12,786,769
Regional Wetland Program Development Grants	66.461	0
Water Quality Cooperative Agreements	66.463	58,743
Capitalization Grants for Drinking Water State Revolving Fund	66.468	49,561,396
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	1,189,130
Beach Monitoring and Notification Program Implementation Grants	66.472	690,054
Water Protection Grants to the States	66.474	581,642
Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program	66.479	610,098
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	193,498
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	1,633,718
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	40,027
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	413,463
Hazardous Waste Management State Program Support	66.801	7,251,326
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	1,127,946
State and Tribal Underground Storage Tanks Program	66.804	172,367
Leaking Underground Storage Tank Trust Fund Program	66.805	3,421,112
Solid Waste Management Assistance Grants	66.808	287
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	30,000
State and Tribal Response Program Grants	66.817	1,547,846
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	216,410
Total Excluding Cluster		234,565,473
Research & Development Cluster		
Regional Wetland Program Development Grants	66.461	108,472
Total U.S. Environmental Protection Agency		234,673,945

May 2009

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Department of Energy		
State Energy Program	81.041	5,234,629
Weatherization Assistance for Low-Income Persons	81.042	5,604,797
Office of Science Financial Assistance Program	81.049	126,395
Office of Technology Development and Deployment for Environmental Management	81.104	162,633
Other - U.S. Department of Energy	81.999	1,775,772
Total U.S. Department of Energy		12,904,225
Department of Education		
Adult Education-Basic Grants to States	84.002	74,515,453
Title I Grants to Local Educational Agencies	84.010	1,647,979,320
Migrant Education-State Grant Program	84.011	140,166,777
Title I Program for Neglected and Delinquent Children	84.013	1,282,089 **
Federal Family Education Loans	84.032	34,273,780,420
Career and Technical Education--Basic Grants to States	84.048	141,754,079
Leveraging Educational Assistance Partnership	84.069	10,619,525
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	263,411,216
Rehabilitation Services-Service Projects	84.128	1,151,845
Public Library Construction and Technology Enhancement	84.154	214,607
Independent Living-State Grants	84.169	2,129,066
Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	84.177	3,633,627
Special Education-Grants for Infants and Families with Disabilities	84.181	53,517,766
Byrd Honors Scholarships	84.185	4,898,188
Safe and Drug-Free Schools and Communities State Grants	84.186	52,420,686
Supported Employment Services for Individuals with Severe Disabilities	84.187	1,380,008
Education for Homeless Children and Youth	84.196	7,520,748
Even Start-State Educational Agencies	84.213	11,094,503
Assistive Technology	84.224	676,733
Rehabilitation Services Demonstration and Training Programs	84.235	268,293
Tech-Prep Education	84.243	11,102,277
Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	84.265	332,438
Charter Schools	84.282	41,839,030
Twenty-First Century Community Learning Centers	84.287	111,281,888
State Grants for Innovative Programs	84.298	4,240,186
Education Technology State Grants	84.318	40,584,434
Special Education-State Personnel Development	84.323	1,168,719
Advanced Placement Program	84.330	3,133,361
Grants to States for Incarcerated Youth Offenders	84.331	2,460,433
Comprehensive School Reform Demonstration	84.332	945,869
Reading First State Grants	84.357	139,242,043
Rural Education	84.358	1,713,105
English Language Acquisition Grants	84.365	190,385,204
Mathematics and Science Partnerships	84.366	26,912,910
Improving Teacher Quality State Grants	84.367	262,154,041
Grants for State Assessments and Related Activities	84.369	25,084,508
Statewide Data Systems	84.372	151,092
Total Excluding Cluster		37,555,146,486

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Special Education Cluster		
Special Education -Grants to States	84.027	1,171,804,376
Special Education - Preschool Grants	84.173	40,344,637
Total Special Education Cluster		1,212,149,013
Total U.S. Department of Education		38,767,295,498
Department of Health and Human Services		
Public Health and Social Services Emergency Fund	93.003	31,673,634
Project Grants for Facilities to Improve the Health Status of Minority Populations	93.005	187,564
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018	139,442
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	545,008
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	1,574,634
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	2,172,513
Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	93.048	748,507
National Family Caregiver Support, Title III, Part E	93.052	15,837,109
Food and Drug Administration - Research	93.103	1,636,640
Maternal and Child Health Federal Consolidated Programs	93.110	297,350
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	8,152,329
Emergency Medical Services for Children	93.127	136,246
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	189,921
Injury Prevention and Control Research and State and Community Based Programs	93.136	7,857,075
Projects for Assistance in Transition from Homelessness (PATH)	93.150	6,194,785
Health Program for Toxic Substances and Disease Registry	93.161	781,876
Grants to States for Loan Repayment Program	93.165	1,212,714
Disabilities Prevention	93.184	268,119
Consolidated Knowledge Development and Application (KD&A) Program	93.230	1,915,343
Traumatic Brain Injury State Demonstration Grant Program	93.234	78,386
State Rural Hospital Flexibility Program	93.241	311,280
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	3,755,174
Universal Newborn Hearing Screening	93.251	40,978
Immunization Grants	93.268	27,696,224
Substance Abuse and Mental Health Services - Access to Recovery Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.275	7,026,705
	93.283	76,791,723
Small Rural Hospital Improvement Grant Program	93.301	687,447
Promoting Safe and Stable Families	93.556	51,892,603
Temporary Assistance for Needy Families	93.558	3,322,902,950
Child Support Enforcement	93.563	558,957,307
Child Support Enforcement Research	93.564	5,660
Refugee and Entrant Assistance - State Administered Programs	93.566	27,116,441
Low-Income Home Energy Assistance	93.568	107,204,337
Community Services Block Grant	93.569	55,323,701
Refugee and Entrant Assistance - Discretionary Grants	93.576	2,367,373

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
U.S. Repatriation Program	93.579	56,058
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	5,169,813
State Court Improvement Program	93.586	3,445,136
Community-Based Child Abuse Prevention Grants	93.590	4,047,837
Grants to States for Access and Visitation Programs	93.597	970,152
Chafee Education and Training Vouchers Program (ETV)	93.599	9,075,059
Head Start	93.600	225,459
Voting Access for Individuals with Disabilities - Grants to States	93.617	1,059,832
Developmental Disabilities Basic Support and Advocacy Grants	93.630	7,590,000
Children's Justice Grants to States	93.643	2,180,801
Child Welfare Services - State Grants	93.645	30,895,856
Adoption Opportunities	93.652	349,835
Foster Care - Title IV-E	93.658	1,282,909,192
Adoption Assistance	93.659	359,811,714
Social Services Block Grant	93.667	577,371,132
Child Abuse and Neglect State Grants	93.669	3,594,151
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	6,876,291
Chafee Foster Care Independence Program	93.674	22,013,226
State Children's Insurance Program	93.767	1,202,349,811
Health Insurance for the Aged - Supplementary Medical Insurance	93.774	1,680,833
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	16,660,118
National Bioterrorism Hospital Preparedness Program	93.889	20,827,005
Grants to States for Operation of Offices of Rural Health	93.913	40,130
HIV Care Formula Grants	93.917	111,454,137
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	555,787
HIV Prevention Activities - Health Department Based	93.940	12,075,679
HIV Demonstration, Research, Public and Professional Education Projects	93.941	13,775
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	3,874,993
Tuberculosis Demonstration, Research, Public and Professional Education	93.947	12,115
Block Grants for Community Mental Health Services	93.958	38,697,738
Block Grants for Prevention and Treatment of Substance Abuse	93.959	268,046,372
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5,770,411
Preventive Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	3,382,404
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	1,423,462
Preventive Health and Health Services Block Grant	93.991	7,468,182
Maternal and Child Health Services Block Grant to the States	93.994	42,877,981
Other-Department of Health and Human Services	93.999	15,403,481
Substance Abuse & Mental Health Services (SAMHSA)	See Note 4c	355,526
Total Excluding Clusters		8,394,290,580
Aging Cluster		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	38,561,473
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	56,943,198
Nutrition Services Incentive Program	93.053	11,352,523
Total Aging Cluster		106,857,194

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
CCDF Cluster		
Child Care and Development Block Grant	93.575	307,676,724
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>433,527,519</u>
Total Child Care Cluster		741,204,243
Medicaid Cluster		
State Medicaid Fraud Control Units	93.775	22,392,683
State Survey and Certification of Health Care Providers and Suppliers	93.777	36,677,481
Medical Assistance Program	93.778	<u>21,216,501,365</u>
Total Medicaid Cluster		21,275,571,529
Research & Development Cluster		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	142,000
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	<u>257,088</u>
Total Research & Development Cluster		399,088
Total U.S. Department of Health and Human Services		<u>30,518,322,635</u>
Corporation for National and Community Service		
State Commissions	94.003	1,386,631
Learn and Serve America - School and Community Based Programs	94.004	2,205,840
AmeriCorps	94.006	26,738,234
Volunteers in Service to America	94.013	<u>546,904</u>
Total Excluding Clusters		30,877,609
Foster Grandparent/Senior Companion Cluster		
Foster Grandparent Program	94.011	1,644,943
Total U.S. Corporation for National and Community Service		<u>32,522,552</u>
Social Security Administration		
Social Security - Work Incentives Planning and Assistance Program	96.008	356,651
Disability Insurance/SSI Cluster		
Social Security - Disability Insurance	96.001	<u>194,238,306</u>
Total Social Security Administration		<u>194,594,956</u>
Department of Homeland Security		
Urban Areas Security Initiative	97.008	596,532
Boating Safety Financial Assistance	97.012	4,683,821
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017	14,551,254
Community Assistance Program-State Support Services Element (CAP-SSSE)	97.023	703,759
Flood Mitigation Assistance	97.029	952,909
Crisis Counseling	97.032	1,013,908

Federal Agency/Program Title	Federal Catalog Number	Grant Amount Received
Disaster Unemployment Assistance	97.034	639,962
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	166,438,973
Hazard Mitigation Grant	97.039	32,572,692
Emergency Management Performance Grants	97.042	13,753,594
Fire Management Assistance Grant	97.046	62,431,357
Map Modernization Management Support	97.070	135,915
Rail and Transit Security Grant Program	97.075	9,793,913
Buffer Zone Protection Program (BZPP)	97.078	9,346,947
Total Excluding Cluster		317,615,537
 Homeland Security Cluster:		
State Domestic Preparedness Equipment Support Program	97.004	4,334,319
Homeland Security Grant Program	97.067	191,653,591
Total Homeland Security Cluster		195,987,909
 Total Department of Homeland Security		
		513,603,447
 Office of National Drug Control Policy		
High Intensity Drug Trafficking Area	See Note 4a	4,068,810
 Miscellaneous Grants and Contracts		
Shared Revenue-Flood Control Lands	99.002	226,471
Shared Revenue-Grazing Land	99.004	137,358
U.S. Department of the Interior-Fire Prevention/Suppression Agreement	99.014	134,000
U.S. Department of Agriculture and Various Other U.S. Department-Fire Prevention/Suppression	99.016	15,019,631
Miscellaneous Federal Receipts	99.099	47,323
Miscellaneous Federal Receipts	99.999	913,590
Total Miscellaneous		16,478,374
 Total Federal Awards Received		
		\$ 87,389,490,908

- Amount includes value of commodities or food stamps.
- ** Amount includes loans and/or loan guarantees outstanding as of June 30, 2008.
- *** Amount includes loaned federal excess property.
- **** Amount includes insurance in-force as of June 30, 2008.

Blank page inserted for reproduction purposes only.

**Notes to the Schedule of Federal Assistance
 Fiscal Year Ended June 30, 2008**

1. GENERAL

The accompanying State of California Schedule of Federal Assistance presents the total amount of federal financial assistance received by the State of California for the fiscal year ended June 30, 2008. This schedule does not include expenditures of federal awards received by the University of California, the California State University system, and the California Housing Finance Agency, a component unit of the State. These entities engaged other auditors to perform an audit in accordance with the U.S. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133).

The \$87,389,490,908 in total federal assistance consists of the following:

Cash assistance received	\$49,926,923,636
Non-cash federal awards	3,037,247,984
Loans and/or loan guarantees outstanding	34,322,534,929
Insurance in-force	<u>102,784,359</u>
Total	<u>\$87,389,490,908</u>

2. BASIS OF ACCOUNTING

OMB Circular A-133 requires the auditee to prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements. Further, at a minimum, the schedule shall provide total federal awards expended for each individual federal program and Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

However, although the state accounting system separately identifies revenues for each federal award, it does not separately identify expenditures. As a result, the State prepares its Schedule of Federal Assistance on a cash receipts basis. The schedule shows the amount of cash and non-cash federal assistance received, loans and loan guarantees outstanding, and insurance in-force for the fiscal year ended June 30, 2008.

3. UNEMPLOYMENT INSURANCE

Of the \$6,265,563,886 in total unemployment insurance funds (federal catalog number 17.225) received by the Employment Development Department during fiscal year 2007-08, \$5,854,076,873 was State unemployment insurance funds that were drawn down from the Unemployment Trust Fund in the U.S. Treasury.

4. OTHER

- a. The California Department of Justice (Justice) receives cash reimbursements from local law enforcement agencies under the Office of National Drug Control Policy's High Intensity Drug Trafficking Area program. During the period July 1, 2007 through June 30, 2008, Justice received the following cash reimbursements from pass-through entities:

Federal Agency/Program	Pass-Through Entity	Grant Number	Amount
Office of National Drug Control Policy			
High Intensity Drug Trafficking Area			
LA Clear/LA Police Chief's Association/City of Hawthorne		I7PLAP534	\$710,488
LA Clear/LA Police Chief's Association/City of Monrovia		17PLAP534	181,449
LA Clear/LA Police Chief's Association/City of Monrovia		DC07177350	58,822
NC HIDTA/LA Police Chief's Association		I5PSFP501Z	7,138
NC HIDTA/LA Police Chief's Association		I6PSFP501Z	43,385
NC HIDTA/LA Police Chief's Association		I7PSFP501Z	253,376
NC HIDTA/LA Police Chief's Association		I8PSFP501Z	25,243
CV HIDTA/LA Police Chief's Association/Stanslaus County		I6PCVP501Z	661,066
CV HIDTA/LA Police Chief's Association/Stanslaus County		I7PCVP501Z	96,169
INCH/LA Police Chief's Association/Riverside County		I7PLAP540Z	71,251
NV HIDTA/LA Police Chief's Association/Las Vegas Metro PD		I7PNVP501Z	35,767
CA Border Alliance Group/City of San Diego/San Diego PD		I4PSCP503Z	2,625
CA Border Alliance Group/City of San Diego/San Diego PD		I5PSCP503Z	39,255
CA Border Alliance Group/City of San Diego/San Diego PD		I6PSCP501Z	238,558
CA Border Alliance Group/City of San Diego/San Diego PD		I7PSCP501Z	1,544,148
CA Border Alliance Group/City of San Diego/San Diego PD		I7PSCP503Z	41,494
Northwest HIDTA/Washington State		I6PNWP505Z	11,625
Northwest HIDTA/Washington State		I7PNWP505Z	38,750
Clallum Co Sheriff's Office		WASPCM106107	8,201
	Total		<u>\$4,068,810</u>

- b. The State was also loaned Federal Excess Personal Property (FEPP) from the U.S. Forest Service during the period July 1, 2007 to June 30, 2008. According to the California Department of Forestry and Fire Protection, the amount loaned from July 1, 2007 to June 30, 2008, was \$1,915,591. The U.S. Forest Service and the State maintain the FEPP program at federal acquisition costs of the property.
- c. The following trial court of the Judicial Council of California received a federal award from a local government agency. During the period July 1, 2007 through June 30, 2008, the trial court received the following award:

Program	Pass-Through Entity	Grant Number	Amount
Substance Abuse & Mental Health Services (SAMHSA)	Riverside County	5-H79-T17507-02	\$355,526
	Total		<u>\$355,526</u>

Summary Schedule of Prior Audit Findings

Prepared by Department of Finance

Blank page inserted for reproduction purposes only.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number:	2007-12-14
Federal Program:	All Programs
State Administering Department:	Department of Finance (Finance)
Fiscal Year Initially Reported:	1995–96
Audit Finding:	<u>Reporting.</u> Because of limitations in its automated accounting systems, the State has not complied with the provision of Office of Management and Budget <i>Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations</i> (OMB Circular A-133) requiring auditees to prepare a schedule of federal expenditures of federal awards that includes the total federal awards expended for each federal program.
Status of Corrective Action:	Remains uncorrected. Finance has received approval for a new integrated statewide financial management system, the Financial Information System for California. The Legislature did not provide funding to proceed with the project as planned for the state' fiscal year 2007–08, but did provide resources to develop and provide specific information to it no later than April 2008. The project team is in the process of developing the information requested by the Legislature for its consideration. It is anticipated that the new system will have the capability to provide total expenditures for each federal program. ¹
<hr/>	
Reference Number:	2007-3-5
Federal Program:	All programs subject to the Treasury-State Agreement
State Administering Department:	Department of Finance (Finance)
Fiscal Year Initially Reported:	2006-07
Audit Finding:	<u>Cash Management.</u> Finance lacks adequate written policies and procedures instructing staff on how to calculate the state and federal interest liabilities by program. Finance incorrectly calculated the federal interest liability, the interest liability related to disbursements without warrants, and the Medi-Cal refund interest liability. Also, Finance does not review the methodology used by the State Controller's Office (SCO) to develop clearance patterns to ensure that it

is consistent with the Treasury-State Agreement (TSA).

Status of Corrective Action:

Lack of Written Procedures: Finance believes that including a narrative describing how to calculate the state and federal interest liabilities would enhance its procedures manual. Finance will prepare the narrative and incorporate it into the procedures manual; it anticipates this will be accomplished by June 1, 2009.

Federal Interest Liability: Finance is reevaluating its interpretation of the procedure for calculating federal interest liabilities contained in the TSA. Finance plans to discuss this with the federal Financial Management Service (FMS) to reach an agreement on the correct method for calculating federal interest liabilities and to implement any necessary changes. Finance anticipates this will be accomplished by June 1, 2009.

Disbursements Without Warrants: Finance plans to discuss this with the federal FMS to reach an agreement on the correct method for calculating federal interest liabilities for disbursement without warrants and to implement any necessary changes. Finance anticipates this will be accomplished by June 1, 2009.

Medi-Cal Refund Interest Liability: Finance stated the TSA language needs to be clarified. Finance will draft revised language and work with the federal FMS to incorporate the revision in the next TSA. Finance anticipates this will be accomplished by June 1, 2009.

Clearance Patterns: In January 2008, Finance verified the methodology used by the SCO for developing the clearance patterns. In addition, Finance will develop a certification form that incorporates a description of the methodology contained in the written documentation and request the SCO to certify that this methodology was used for developing the clearance patterns. Finance will request that the SCO provide the certification along with the clearance pattern reports that it forwards to Finance semiannually.

Finance anticipates that development of the certification form and reaching an agreement with the SCO to begin certifying the methodology will be accomplished by May 1, 2009.²

Reference Number: **2007-1-6**

Federal Program: 84.181

State Administering Department: Department of Developmental Services
(Developmental Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs. Developmental Services does not have an adequate internal control process in place to assure that expenses incurred by regional centers are only for allowable activities and costs.

Status of Corrective Action: Partially corrected. To address this finding, Developmental Services will implement a monthly program claim review procedure by regional centers, and program claim files will be retained for a two-year period.³

Reference Number: **2007-1-7**

Federal Program: 84.181

State Administering Department: Department of Developmental Services
(Developmental Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs. Developmental Services does not have an adequate internal control process in place to assure that expenses incurred by one of its vendors, WestEd, are only for allowable activities and costs.

Status of Corrective Action: Partially corrected. Developmental Services amended its contract with WestEd after both parties met and agreed upon new invoicing and personnel services reporting procedures, which include those recommended by the Bureau of State Audits (BSA). The amended contract was implemented beginning fiscal year 2008–09.⁴

Reference Number: **2007-1-9**

Federal Program: 84.186

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs; Subrecipient Monitoring. ADP does not ensure that Safe and Drug-Free Schools and Communities—State Grants program expenditures are made only for allowable activities and costs.

Status of Corrective Action: Remains uncorrected/disagree with finding. It is ADP's position that it monitors its subrecipients in compliance with Title 34, CFR 80.20, and Title 34, CFR 80.40. ADP meets (and exceeds) these standards. ADP will resolve these issues with the U.S. Department of Education.⁵

Reference Number: **2007-2-4**

Federal Program: 84.186

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs. ADP needs to improve its controls to ensure that its accounting records match the hours recorded on its employees' time sheets.

Status of Corrective Action: Fully corrected.⁶

Reference Number: **2007-3-4**

Federal Program: 84.186

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Cash Management. ADP's accounting procedures related to the drawdown of federal funds did not require the accounting administrator to sign all three

copies of the remittance advices prior to sending them to the California State Treasurer's Office.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-7-9**

Federal Program: 84.181

State Administering Department: Department of Developmental Services
(Developmental Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Level of Effort—Maintenance of Effort.
Developmental Services did not provide sufficient information to demonstrate its compliance with the program's maintenance-of-effort requirement.

Status of Corrective Action: Partially corrected. Developmental Services has restructured its federal grant funding allocation to its 21 contracted regional centers for improved tracking of expenditures. Anticipated correction date is October 31, 2008.⁷

Reference Number: **2007-8-5**

Federal Program: 84.186

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. ADP lacks written procedures to ensure that it uses Safe and Drug-Free Schools and Communities—State Grants (SDFSC) funds only during the authorized period of availability. Moreover, ADP did not consistently follow the procedures it described to us for ensuring that the federal funds for the SDFSC grant are in compliance with the period-of-availability requirement.

Status of Corrective Action: Remains uncorrected/agree with finding. ADP is reviewing and updating its written procedures for period of availability and will assure that staff follow the procedures.

Remains uncorrected/disagree with finding. The auditor requested a copy of the grant tracking log, which is not designed or to be used for complying with period of availability. The use of the log was described by ADP staff to the auditor. ADP cannot make the grant-tracking log comply with a purpose for which it was not designed.⁸

Reference Number:	2007-9-2
Federal Program:	84.181
State Administering Department:	Department of Developmental Services (Developmental Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Procurement, and Suspension and Debarment.</u> In its contract with one state agency, Developmental Services did not include procedures for resolving disputes between it and the state agency or for the state agency to resolve its own disputes. In addition to the dispute language it has with three state agencies, the contracts are also missing the required suspension and debarment language.
Status of Corrective Action:	Partially corrected. Developmental Services has developed the appropriate dispute resolution language, and submitted contract amendments that include this language to the applicable state agencies. Additionally, Developmental Services has forwarded the federal suspension and debarment language form to the applicable state-level agencies for signature. It is anticipated that all affected state agencies will complete, sign, and return the form by December 2008.

Reference Number:	2007-12-8
Federal Program:	84.032
State Administering Department:	California Student Aid Commission (Student Aid)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Reporting.</u> Our review of a sample of loans submitted to the National Student Loan Data System as of

September 30, 2007, found several inaccuracies related to the reporting of the amount of claims paid to lenders.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-13-6**

Federal Program: 84.181

State Administering Department: Department of Developmental Services
 (Developmental Services)

Fiscal Year Initially Reported: 2003–04

Audit Finding: Subrecipient Monitoring. Developmental Services did not adequately fulfill its subrecipient monitoring responsibilities for the program.

Status of Corrective Action: Fully corrected.⁹

Reference Number: **2007-13-10**

Federal Program: 84.186

State Administering Department: Department of Alcohol and Drug Programs (ADP)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring.

Condition 1: ADP used an incorrect Catalog of Federal Domestic Assistance (CFDA) title in its award documents and contracts for seven of its subrecipients. ADP also did not include the name of the federal agency and the requirements imposed by federal laws and regulations in the Notice of Grant Agreement updates for four of the five counties in the audit sample.

Condition 2: ADP did not follow its procedures for initiating written and verbal contact with those counties that had delinquent OMB Circular A-133 audits.

Status of Corrective Action: Condition 1: Remains uncorrected/disagree with finding: Because ADP passes down the federal statute, regulations, and guidance through its agreements with the counties, ADP already informs

subrecipients of the requirements imposed upon them, which was the recommendation of the auditor. ADP will resolve the issue with the U.S. Department of Education.

Condition 2: Fully corrected.¹⁰

Reference Number: **2007-14-3**

Federal Program: 84.032

State Administering Department: California Student Aid Commission (Student Aid)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. EDFUND, the Student Aid auxiliary organization that administers the Federal Family Education Loan Program, requested a substantial portion of the reinsurance it received one to three days prior to EDFUND paying the corresponding default claim to its lenders.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-14-4**

Federal Program: 84.032

State Administering Department: California Student Aid Commission (Student Aid)

Fiscal Year Initially Reported: 2001–02

Audit Finding: Special Tests and Provisions.

Condition 1: EDFUND has yet to address all of the high-risk and moderately high-risk findings identified in its risk assessment and to fully implement the entity-wide security program plan.

Condition 2: In past years we also found weaknesses in EDFUND'S electronic access controls designed to restrict access to data files. The implementation of EDFUND's project to address these weaknesses did not begin until October 2007 and the estimated completion date is April 2008.

Status of Corrective Action: Condition 1: Partially corrected. As part of EDFUND's continuous improvement to the security program, the following items are scheduled for

completion by June 30, 2009:

- enhancement of the security testing process over enterprise applications
- unifying password standards across capable enterprise systems¹¹

Condition 2: Fully corrected.

Reference Number:	2007-1-2
Federal Program:	93.958
State Administering Department:	Department of Mental Health (Mental Health)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Activities Allowed/Allowable Costs.</u> Mental Health does not ensure that subgrantees' expenditures are only for allowable activities and costs.
Status of Corrective Action:	Partially corrected. Mental Health will strengthen the current review process and will add clarifying language to the state fiscal year 2009–10 Planning Estimate and Renewal Application to ensure counties are charging allowable costs and activities to the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services. Anticipated completion date is March 2009. ¹²

Reference Number:	2007-1-5
Federal Program:	93.568
State Administering Department:	Department of Community Services and Development (CSD)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Allowed Activities/Allowable Costs; Subrecipient Monitoring.</u> CSD's processes do not ensure that subgrantees' expenses are only for allowable activities and costs.
Status of Corrective Action:	Partially corrected. CSD has instituted some immediate changes to the field monitoring procedures. CSD field staff are also evaluating expenditure reports, selecting direct program activities

and support cost line items, and requesting the agency to provide support documentation to substantiate the claims they submit to CSD.

Reference Number:	2007-1-8
Federal Program:	93.558
State Administering Department:	Department of Social Services (Social Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Activities Allowed/Allowable Costs.</u> Social Services' process for reviewing and authorizing county assistance expenditures does not provide reasonable assurance that federal funds were expended only for allowable activities and costs.
Status of Corrective Action:	Remains uncorrected/disagree with finding. Social Services does not concur with the recommendation that county assistance claims do not include adequate documentation to determine if costs are allowable for the following reasons: <ol style="list-style-type: none">1. According to OMB Circular A-133 and the Single Audit Act Amendments of 1996, counties are required to have a Single Audit conducted by an independent certified auditor to ensure compliance with federal fund requirements in accordance with generally accepted government auditing standards.2. The counties can only claim reimbursement on the county assistance claim for the actual expenditures paid in the claiming month and are instructed to retain all supporting documentation and backup information of expenditures made/claimed for audit purposes. (CFL 04/05-47 dated May 23, 2005)3. The county welfare director certifies under penalty of perjury that the aid payments and adjustments claimed are in accordance with all provisions of the Welfare and Institutions Code and the rules and regulations of Social Services.4. The county auditor certifies under penalty of perjury that the amounts claimed on the assistance claim are in accordance with

authorizations for the public assistance programs made by the county, that said amounts correctly reflect state and county shares in the aid payments claimed, and that the warrants therefore have been issued according to law and the rules and regulations of Social Services.

5. Additionally, it is in the best interest of the county to claim reimbursement only for allowable costs, since the county share is 2.5 percent of these costs.¹³

Reference Number:	2007-2-2
Federal Program:	93.563
State Administering Department:	Department of Child Support Services (Child Support Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Allowable Costs/Cost Principles.</u> Child Support Services lacks adequate written policies and procedures to ensure that its expenditures meet the requirements of U.S. Office of Management and Budget (OMB) Circular A-87, <i>Cost Principles for State and Local Governments</i> , and the federal requirements for the Child Support Enforcement program.
Status of Corrective Action:	Fully corrected. ¹⁴

Reference Number:	2007-2-3
Federal Program:	93.566
State Administering Department:	Department of Social Services (Social Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Allowable Costs/Cost Principles.</u> Social Services cannot substantiate the payroll expenditures it charged to the Refugee Program in fiscal year 2006-07.
Status of Corrective Action:	Partially corrected. Social Services' Refugee Programs Bureau (RPB) will continue the time study process for a period of one year from March 2008 through March 2009, using the results from the study

for comparison to the percentages reported on the 2006–07 Time Reporting Summaries.

However, Social Services RPB does not concur that the \$1,200,087 in questioned costs is an accurate amount since not all staff are required to complete time studies (RPB's chief and support staff positions, which totaled \$88,918 for fiscal year 2006–07, are charged 100 percent to the Cash, Medical Administration grant, per 45 CFR, 400.13 (c)).¹⁵

Reference Number:	2007-2-5
Federal Program:	93.778
State Administering Department:	Department of Health Care Services (Health Care Services)
Fiscal Year Initially Reported:	2005-06
Audit Finding:	<u>Allowable Costs/Cost Principles.</u> Because a Health Care Services contractor does not document or track the reasons it overrides a suspended claim, we could not identify which claims were paid using the flawed procedure that could result in duplicate payments. Until Health Care Services increases its quality control over the claims override function, it has no way of knowing if duplicate payments are being made to providers for medical, outpatient, and vision services.
Status of Corrective Action:	Partially corrected. Health Care Services has requested an estimate for the creation of a new report that will consolidate and track the progress of Erroneous Payment Correction actions in an easily accessible format. ¹⁶

Reference Number:	2007-3-2
Federal Program:	93.958
State Administering Department:	Department of Mental Health (Mental Health)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Cash Management.</u> Mental Health's procedures for monitoring each county's Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services do not

adequately ensure that the advances made to the counties are appropriate.

Status of Corrective Action: Fully corrected.¹⁷

Reference Number: **2007-3-3**

Federal Program: 93.563

State Administering Department: Department of Child Support Services
(Child Support Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Cash Management. Child Support Services lacks adequate policies and procedures to provide reasonable assurance that cash management requirements are met for the Child Support Enforcement program.

Status of Corrective Action: Fully corrected.¹⁸

Reference Number: **2007-7-4**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. Mental Health does not have an official written policy or procedures in place to ensure that administrative costs are charged to the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services appropriately.

Status of Corrective Action: Partially corrected. Mental Health Local Program Financial Support and Budgets staff are working to establish policy, process, and procedures to ensure that only allowable costs are used.¹⁹

Reference Number: **2007-7-5**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Level of Effort-Maintenance of Effort. Mental Health lacks processes and procedures to ensure that it complies with the maintenance-of-effort requirement for the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services program.

Status of Corrective Action: Fully corrected.²⁰

Reference Number: **2007-7-6**

Federal Programs: 93.044; 93.045; 93.053

State Administering Department: Department of Aging (Aging)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Matching, Level of Effort, and Earmarking. Aging lacks adequate policies and procedures to provide reasonable assurance that matching, level-of-effort, and earmarking requirements are met for the programs it administers using only allowable funds or costs that are properly calculated and valued.

Status of Corrective Action: Partially corrected. Aging is currently in the process of adapting and expanding existing documentation to include complete step-by-step instructions that will identify the roles and responsibilities of program, budget, and accounting staff to make sure that all requirements are met during each step of the award process.

Also, Aging is currently establishing a periodic review process to ensure that expenditures meet requirements throughout the year and is working on a mechanism that will provide accounting staff with additional information in order to verify that expenditures are allowable and in compliance with requirements before funds are transferred.²¹

Reference Number: **2007-7-8**

Federal Program: 93.568

State Administering Department: Department of Community Services and Development (CSD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. CSD lacks a process to demonstrate that it met the earmarking requirement for identifying and developing leveraging programs.

Status of Corrective Action: Partially corrected. CSD assigned new program cost accounts (PCAs) on July 1, 2007, to earmark the additional leveraging allocation (when and if received from the funding federal agency) separately from the regular LIHEAP allocation. Written desk procedures for documentation of the process should be in place by July 1, 2009.²²

Reference Number: **2007-7-10**

Federal Program: 93.556

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Level of Effort—Maintenance of Effort. Social Services lacks adequate processes and procedures to ensure that it has met the maintenance-of-effort requirement.

Status of Corrective Action: Remains uncorrected/agree with finding. Social Services, Children and Family Services Division, Office of Child Abuse Prevention, has contacted the federal Administration for Children and Families (ACF) regarding exemption on this requirement. ACF agreed to check with its Central Office in Washington for a possible resolution; Social Services follow-up action will depend on the ACF's Central Office's response.

Reference Number: **2007-8-3**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. Mental Health does not have an adequate process to establish obligations of federal awards to counties for a predetermined time period. Mental Health also does not ensure that the federal

award is expended within the period of availability.

Status of Corrective Action: Fully corrected.²³

Reference Number: **2007-8-4**

Federal Program: 93.044

State Administering Department: Department of Aging (Aging)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. During our review, we noted two federal drawdowns that were not related to obligations for the federal fiscal year 2007 award.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-9-1**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Procurement and Suspension and Debarment. Mental Health does not require counties to ensure that lower-tier entities with which it enters into covered transactions are not suspended or debarred. Mental Health also does not require counties to pass this requirement down to each person with whom they enter into a covered transaction.

Status of Corrective Action: Partially corrected. Mental Health will add language to next year's county performance contract relative to suspension and debarment for county staff and their subcontractors.²⁴

Reference Number: **2007-9-3**

Federal Programs: 93.558; 93.566; 93.556; 93.645

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Procurement, Suspension and Debarment. Social

Services did not comply with either of the suspension and debarment requirements included in the Administration for Children and Families grants' terms and conditions. Additionally, Social Services has inadequate controls in place to ensure that it is aware of and complies with all federal procurement requirements.

Status of Corrective Action: Partially corrected. Social Services corrected the suspension and debarment boilerplate language for use in its contracts and in the California counties' three-year System Improvement Plan, including the Promoting Safe and Stable Families (PSSF) federal program. Additionally, Office of Child Abuse Prevention staff has consulted with Children and Family Services Division audit staff regarding the drafting of processes and procedures to ensure that specified procurement, suspension and debarment procedures are clearly and appropriately established.²⁵

Reference Number: **2007-12-6**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Mental Health does not have processes and procedures in place to ensure that the annual Standard Form 269A (SF-269A), Financial Status Report, is accurate and submitted on a timely basis.

Status of Corrective Action: Fully corrected.²⁶

Reference Number: **2007-12-7**

Federal Programs: 93.044; 93.045; 93.053

State Administering Department: Department of Aging (Aging)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Aging lacks adequate policies and procedures to provide reasonable assurance the SF-269, Financial Status Report and Administration on Aging Supplemental Form, and the PSC-272, Federal Cash Transaction Report, it submits to the

federal government include all activities, are supported by accounting records, and are fairly presented.

Status of Corrective Action: Partially corrected. Aging has completed the draft of the procedures addressed by this finding. The drafted procedures include written step-by-step instructions on how to complete the SF-269 and the PSC-272.

The draft procedures will be circulated for review and revised to reflect comments as necessary. The draft procedures are in use.²⁷

Reference Number: **2007-12-12**

Federal Program: 93.568

State Administering Department: Department of Community Services and Development (CSD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. CSD lacks adequate internal controls to ensure certain federal reporting requirements are met.

Status of Corrective Action: Partially corrected. CSD Financial Services Unit has currently written a draft outlining the basic process of reporting to the federal agency. Formal written desk procedures should be in place by July 1, 2009.²⁸

Reference Number: **2007-12-13**

Federal Program: 93.566

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Social Services submitted its second quarter federal fiscal year 2007 ORR-6 report to the federal Office of Refugee Resettlement despite the report containing several errors.

Status of Corrective Action: Fully corrected.²⁹

Reference Number: **2007-13-3**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring.

Condition 1: Mental Health used the incorrect CFDA title in its correspondence to the counties.

Condition 2: Mental Health does not have procedure in place to follow up when counties have not submitted their OMB Circular A-133 audits.

Status of Corrective Action: Condition 1: Fully corrected.

Condition 2: Mental Health is currently evaluating the feasibility of the recommendation to establish procedures for following up with counties that have not submitted their OMB Circular A-133 audits.³⁰

Reference Number: **2007-13-4**

Federal Program: 93.563

State Administering Department: Department of Child Support Services (Child Support Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Child Support Services did not completely fulfill its subrecipient monitoring responsibilities for its Child Support Enforcement program.

Status of Corrective Action: Fully corrected.³¹

Reference Number: **2007-13-5**

Federal Program: 93.568

State Administering Department: Department of Community Services and Developer (CSD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. CSD's contract review and approval process lacks internal controls to ensure the federal awarding agency and all laws and regulations

are identified at the time of the award.

Status of Corrective Action: Fully corrected.³²

Reference Number: **2007-13-7**

Federal Program: 93.556

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Social Services does not have processes and procedures to ensure that its noncounty subrecipients have met the OMB Circular A-133 audit requirements.

Status of Corrective Action: Partially corrected. Social Services' Contracts and Financial Analysis Bureau is updating contract language to reflect OMB Circular A-133 audit requirements.³³

Reference Number: **2007-13-8**

Federal Programs: 93.558; 93.566; 93.556; 93.645

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Social Services did not include all required federal award information in its award letter to counties or in two contracts with its noncounty subrecipients.

Status of Corrective Action: Partially corrected. Social Services' Office of Child Abuse Prevention (OCAP) has instructed staff administering grants to ensure all grant awards include the CFDA title and number on all federal award documents. OCAP is also developing internal policies and procedures to ensure that the CFDA title and number will be reflected on all future federal award documents.³⁴

Reference Number: **2007-13-9**

Federal Programs: 93-558; 93.556

State Administering Department: Department of Social Services (Social Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Social Services lacks adequate processes and procedures to ensure that it fulfills its pass-through responsibilities. Social Services failed to issue timely management decisions for the findings presented in the fiscal year 2005–06 OMB Circular A-133 audits for 27 of its 58 county subrecipients.

Status of Corrective Action: Partially corrected. The internal audit coordinator has completed the 25 fiscal year 2005–06 OMB Circular A-133 findings concerning Temporary Assistance for Needy Families eligibility and PSSF subrecipient monitoring and will complete the remaining desk procedures and cross-training tasks by December 1, 2008.³⁵

Reference Number: **2007-14-1**

Federal Program: 93.958

State Administering Department: Department of Mental Health (Mental Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Mental Health did not facilitate peer reviews. The lack of peer reviews further diminishes Mental Health's oversight of the programs offered by the counties using the Substance Abuse and Mental Health Services Administration's Block Grants for Community Mental Health Services funds.

Status of Corrective Action: Partially corrected. Draft county visit guidelines have been developed and are due to begin this fiscal year.³⁶

Reference Number: **2007-14-2**

Federal Program: 93.053

State Administering Department: Department of Aging (Aging)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Aging lacks adequate

procedures to provide reasonable assurance that cash received in lieu of commodities is distributed equitably.

Status of Corrective Action: Fully corrected.³⁷

Reference Number: **2007-14-5**

Federal Program: 93.563

State Administering Department: Department of Child Support Services
(Child Support Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Child Support Service lacks adequate controls to ensure that it fulfills its responsibilities for responding to interstate case requests and status review requests within the time required.

Status of Corrective Action: Fully corrected.³⁸

Reference Number: **2007-1-3**

Federal Program: 17.245

State Administering Department: Employment Development Department (EDD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs; Eligibility. EDD lacks adequate controls to ensure that its field offices make appropriate eligibility determinations for the Trade Adjustment Assistance program. Specifically, EDD has not appropriately monitored its field offices' eligibility determinations.

Status of Corrective Action: Partially corrected. EDD's Unemployment Insurance Branch wrote and released an Unemployment Insurance Program Notice that included the policies and procedures related to the approval of the Trade Act Training Agreement, DE 8751, to include instructions that the Job Service field office managers review the Training Plan for completeness prior to approval. The revised training agreement is expected to be available on September 5, 2008.³⁹

Reference Number: **2007-1-4**

Federal Program: 17.207

State Administering Department: Employment Development Department (EDD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs. EDD needs to improve its controls to ensure that employee time sheets agree with the payroll data recorded in its accounting records.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-2-1**

Federal Program: 17.503

State Administering Department: Department of Industrial Relations (Industrial Relations)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Allowable Costs/Cost Principles. Industrial Relations lacks adequate controls to ensure that the personal services costs it charges to the California Occupational Safety and Health program are allowable.

Status of Corrective Action: Partially corrected. Industrial Relations' personnel transactions staff have been retrained on processing Additional Time Worked Reports.

In addition, Industrial Relations spoke with an auditor from the U.S. Department of Labor, Occupational Safety & Health Administration, and it was agreed that Industrial Relations' procedure requiring divisions to submit to the department's Accounting Office Calstars Home Base Coding Data forms approved by Division Headquarters to report staff additions, changes, or deletions was sufficient to comply with OMB Circular A-87.⁴⁰

Reference Number: **2007-3-1**

Federal Program: 17.503

State Administering Department: Department of Industrial Relations
(Industrial Relations)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Cash Management. Industrial Relations requested federal funds for the California Occupational Safety and Health program that exceeded the actual amounts spent.

Status of Corrective Action: Fully corrected.⁴¹

Reference Number: **2007-8-2**

Federal Program: 17.503

State Administering Department: Department of Industrial Relations
(Industrial Relations)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Period of Availability. Industrial Relations lacks adequate controls to ensure that it liquidates all obligations incurred not later than 90 days after the end of the funding period.

Status of Corrective Action: Fully corrected.⁴²

Reference Number: **2007-12-4**

Federal Program: 17.503

State Administering Department: Department of Industrial Relations (Industrial Relations)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Reporting. Industrial Relations submitted an inaccurate closeout report for the 2006 federal award associated with the California Occupational Safety and Health program.

Status of Corrective Action: Fully corrected.⁴³

Reference Number: **2007-12-9**

Federal Program: 17.245

State Administering Department: Employment Development Department (EDD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. EDD lacks controls to ensure the accuracy of the data in the ETA-563 report that it submits to the U.S. Department of Labor (Federal Labor). The ETA-563 report it submitted to Federal Labor for the quarter ending June 30, 2007, was not in compliance with federal requirements.

Status of Corrective Action: The revised DE 8748—Certification of Waiver of Trade Act Training Requirement has been reviewed and will be written in English and in Spanish. The date for formal release will depend on getting the Spanish version completed.

Remains uncorrected/agree with finding. The DE 8751—Training Plan has been revised to be a more comprehensive documentation and will require more documentation to be entered by staff.⁴⁴

Reference Number: **2007-12-10**

Federal Program: 17.245

State Administering Department: Employment Development Department (EDD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Federal Labor requires EDD to submit electronic Trade Act Participant Report files no later than 45 calendar days after the end of each quarter of reporting. Our review found that EDD’s report for the first calendar quarter of 2007 contained errors.

Status of Corrective Action: Fully corrected.⁴⁵

Reference Number: **2007-12-11**

Federal Programs: 17.801; 17.804

State Administering Department: Employment Development Department (EDD)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Our review of two SF-269A reports EDD submitted to Federal Labor revealed errors in calculating indirect costs for the Disabled Veterans’

Outreach Program and the Local Veterans' Employment Representative program.

In addition, EDD has no written procedures for completing the SF-269A report, and verifying the indirect cost calculations before submitting it to Federal Labor was not part of the regular management review of the SF-269A.

Status of Corrective Action: Fully corrected.⁴⁶

Reference Number: **2007-7-7**

Federal Program: 20.505

State Administering Department: Department of Transportation (Caltrans)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Matching. Caltrans does not have a process in place to ensure that metropolitan planning organization local matches originate only from allowable sources and meet the allowable cost/cost principles requirements.

Status of Corrective Action: Remains uncorrected/agree with finding. Caltrans' Division of Transportation Planning has assigned a staff person to take the lead and establish policies and procedures by working cooperatively with the districts. Caltrans expects to have new policies and procedures in place by January 2009.⁴⁷

Reference Number: **2007-12-1**

Federal Program: 64.114

State Administering Department: California Department of Veterans Affairs (Veterans Affairs)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. During state fiscal year 2006-07, Veterans Affairs held 54 department-guaranteed loans for which the homeowner became 60 days delinquent in payment, but it only notified the U.S. Department of Veterans Affairs of eight of these delinquencies.

Status of Corrective Action: Fully corrected.⁴⁸

Reference Number: **2007-12-2**

Federal Program: 64.114

State Administering Department: California Department of Veterans Affairs
(Veterans Affairs)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. During state fiscal year 2006-07, Veterans Affairs foreclosed on the homes of four veterans having department-guaranteed home loans, but it only provided the U.S. Department of Veterans Affairs with notice of two of these foreclosures.

Status of Corrective Action: Fully corrected.⁴⁹

Reference Number: **2007-1-1**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed/Allowable Costs. CaliforniaVolunteers' processes do not ensure that subgrantees' expenses are only for allowable activities and costs. CaliforniaVolunteers processes the subgrantee invoices without routinely reviewing any supporting documentation to verify the allowability of the activities or costs. Instead CaliforniaVolunteers has established a policy that includes an invoice validation process that requires its fiscal unit to review a sample of invoices submitted by each subgrantee once during their three-year grant period. However, CaliforniaVolunteers did not conduct invoice validation for the roughly \$30 million in expenses incurred by its subgrantees during fiscal year 2006–07.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-7-1**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. CaliforniaVolunteers lacks an adequate process to identify separately its administrative expenditures in its accounting records.

Status of Corrective Action: Fully corrected.⁵⁰

Reference Number: **2007-7-2**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2003–04

Audit Finding: Matching. CaliforniaVolunteers processes do not adequately ensure that only allowable sources were used by its subgrantees to meet the matching requirements.

Status of Corrective Action: Fully corrected.⁵¹

Reference Number: **2007-8-1**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. Thirteen invoices totaling \$2.2 million were paid more than 90 days after the end of the grant-funding period.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-3**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. CaliforniaVolunteers lacks adequate processes to ensure that it meets federal reporting requirements.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-13-1**

Federal Program: 94.006

State Administering Department: CaliforniaVolunteers

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring.

Condition 1: CaliforniaVolunteers' award letter and contract review and approval process lack internal controls to ensure the CFDA number is identified to its subgrantees at the time of the award.

Condition 2: CaliforniaVolunteers' desk reviews are not signed by a preparer, and there is no evidence of a review by a manager.

Condition 3: There is no evidence on the site visit assessment instrument or final report to demonstrate the program operations manager's review.

Status of Corrective Action: Partially corrected.

Condition 1: Fully corrected.

Condition 2: Fully corrected.

Condition 3: Partially corrected. CaliforniaVolunteers is continuing to review and evaluate the policies and procedures related to the review and documentation of fiscal information on a site visit. It also continues to expect full implementation of updated site visit policies and procedures during the 2008–09 fiscal year.⁵²

Reference Number: **2007-7-3**

Federal Program: 90.401

State Administering Department: Office of the Secretary of State (Secretary of State)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Level of Effort-Maintenance of Effort (MOE). The Secretary of State did not comply with the Help

America Vote Act MOE requirement because it failed to include all of the appropriate expenditures.

Status of Corrective Action: Fully corrected.⁵³

Reference Number: **2007-12-5**

Federal Program: 90.401

State Administering Department: Office of the Secretary of State (Secretary of State)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. The Secretary of State did not accurately report the amounts in its annual Financial Status Report.

Status of Corrective Action: Fully corrected.⁵⁴

Reference Number: **2007-13-2**

Federal Program: 90.401

State Administering Department: Office of the Secretary of State (Secretary of State)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. The Secretary of State did not include all required federal award information pertaining to Help America Vote Act when it awarded funds to its subrecipients.

Status of Corrective Action: Partially corrected. The Secretary of State has initiated 40 contract amendments that incorporated the CFDA title and/or number. The Secretary of State is confident that the amendments will be fully executed by October 2008. In addition, the contracts included explicit language (Exhibit D, A. 3.) explaining the provisions of OMB Circular A-133. Also, the Secretary of State has developed a formal process to ensure prompt notification directly from the State Controller's Office alerting it of those counties, cities, and special districts that have not fully complied with the Single Audit Requirement (OMB Circular A-133).⁵⁵

Reference Number: **2007-14-6**

Federal Program: 10.557

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Special Tests and Provisions. Public Health is not in compliance with the record-keeping requirements of Special Supplemental Nutrition Program for Women, Infants and Children (WIC) by not retaining copies or having the ability to obtain copies of the redeemed food instruments for the three-year retention period. WIC is only able to retrieve copies of the food instruments redeemed from one year ago.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-7-11**

Federal Program: 16.575

State Administering Department: Governor's Office of Emergency Services (Emergency Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. Emergency Services exceeded the allowed amount to be expended on state administration costs for the 2003 Crime Victim Assistance grant award.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-15**

Federal Program: 16.575

State Administering Department: Governor's Office of Emergency Services (Emergency Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Emergency Services failed to comply with the special reports requirement to notify the Office of Victims of Crime of subawards made within 90 days of the subgrant.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-16**

Federal Program: 16.575

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. We were unable to trace amounts on the Financial Status Report (FSR) to supporting documentation or accounting records for eight of the 17 sampled FSRs.

Additionally, Emergency Services does not have adequate controls in place to ensure accurate reporting.

Status of Corrective Action: Partially corrected. Emergency Services has developed and is in the process of implementing corrective actions to assure that amounts reported on FSRs are traceable to supporting documentation and its accounting records.

Additionally, as of August 10, 2008, Emergency Services has drafted detailed policies and procedures for SF-269 preparation.

Reference Number: **2007-13-11**

Federal Program: 16.575

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Fiscal Year Initially Reported: 2001–02

Audit Finding: Subrecipient Monitoring. Emergency Services did not adequately monitor its subrecipients of funds for the Crime Victim Assistance program for the fiscal year ending June 30, 2007.

Status of Corrective Action: Partially corrected. Emergency Services' Local Assistance Monitoring Unit states that it is in the process of developing policies and procedures for review and receipt tracking of subrecipient audits.

Reference Number: **2007-2-6**

Federal Programs:	84.027; 84.173
State Administering Department:	Department of Education (Education)
Fiscal Year Initially Reported:	2006-07
Audit Finding:	<p><u>Allowable Costs.</u> Education's monitoring of salaries charged to the program may not be at a detailed enough level to identify the appropriateness of the charges.</p> <p>Exception 1: A 100 percent dedication of warehouse manager salary charged to the federal program is inappropriate because the warehouse is not 100 percent dedicated to the federal program.</p> <p>Exception 2: For an employee charged to the program, the time sheet supported more hours than what the employee was paid.</p>
Status of Corrective Action:	<p>Exception 1: Remains uncorrected/disagree with finding. Education maintains its position of nonconcurrency with the finding and believes no corrective action is necessary.</p> <p>Exception 2: Fully corrected.</p>
<hr/>	
Reference Number:	2007-2-7
Federal Program:	84.367
State Administering Department:	Department of Education (Education)
Fiscal Year Initially Reported:	2006-07
Audit Finding:	<p><u>Allowable Costs.</u> There was no evidence of approval on the Summary Cover Memos for two of the 30 samples selected. Without a formal sign-off there is no evidence that these goals have actually been reviewed and approved, and Education cannot demonstrate support for the proper approval of grants.</p>
Status of Corrective Action:	Fully corrected.
<hr/>	
Reference Number:	2007-3-6
Federal Programs:	84.010; 84.011; 84.027; 84.173; 84.186; 84.282;

84.318; 84.365; 84.367; 84.369

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Cash Management. The package of supporting documentation used to compile the amount paid to Special Education Local Plan Areas Agencies (SELPA) and local educational agencies (LEAs) does not include evidence to support the review and approval of the advance amount made for the federal program.

Status of Corrective Action: Remains uncorrected/disagree with finding. Processes and controls are in place to reduce the risk of advances of federal funds.⁵⁶

Reference Number: **2007-3-7**

Federal Programs: 84.010; 84.027; 84.173; 84.186; 84.282; 84.318; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2001–02

Audit Finding: Cash Management. Education does not have an adequate process in place for assessing the cash needs of its subrecipients.

Status of Corrective Action: Partially corrected. Education continues to work with the U.S. Department of Education, Office of Secretary, Risk Management Service, in determining and implementing the cash management process improvements that are deemed practical and achievable within Education's available resources.⁵⁷

Reference Number: **2007-3-8**

Federal Programs: 84.010; 84.282; 84.186; 84.318; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Cash Management. For four programs, Education did not notify the LEAs of the requirement to return interest earned on advances; however, it did not require the

interest to be reported nor did it identify any processes or put controls in place to collect and return the interest earned over \$100 to the U.S. Department of Education.

For two programs, Education did not collect interest earned by the LEAs on a quarterly basis as indicated by federal requirements.

Status of Corrective Action: Partially corrected. Education continues to work with the U.S. Department of Education, Office of Secretary, Risk Management Service, in determining and implementing the cash management process improvements that are deemed practical and achievable within Education's available resources.⁵⁸

Reference Number: **2007-3-9**

Federal Programs: 84.027; 84.173; 84.318; 84.365; 84.369

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Cash Management. Education does not have a policy that addresses the minimization of timing of reimbursement payments made to SELPAs, LEAs, and Educations' subcontractors.

Status of Corrective Action: Partially corrected. Education continues to collegially work with the U.S. Department of Education, Office of Secretary, Risk Management Service, in determining and implementing the cash management process improvements that are deemed practical and achievable within Education's available resources.

Reference Number: **2007-3-10**

Federal Program: 84.282

State Administering Department: California School Finance Authority (Authority)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Cash Management. The Authority does not have an adequate process in place for assessing the cash needs of its subrecipients. Also, the Authority did not notify its charter school subrecipients of their requirement to return interest earned on advances,

nor did it identify any processes or controls in place to collect and return the interest earned over \$100 to the U.S. Department of Education.

Status of Corrective Action: Partially corrected. The Authority will ensure all subgrantees are notified by December 2008.

Reference Number: **2007-5-1**

Federal Program: 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Eligibility. There was no documented evidence of reviews or approvals of LEA calculation work sheets before the awards were granted.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-7-12**

Federal Programs: 84.010; 84.318; 84.186; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Level of Effort-Maintenance of Effort.

Condition 1: Education was using unaudited LEAs' expenditure figures to calculate compliance with the MOE requirements instead of using the final audited expenditures.

Condition 2: Education prepares the MOE calculations on behalf of its LEAs; however, the calculations are not being prepared with adjustments made for failures to maintain fiscal effort in a timely manner.

Condition 3: Education does not send the final MOE calculations to each LEA annually.

Status of Corrective Action: Condition 1: Remains uncorrected/disagree with finding. Education has submitted a proposal to the Audit Guide Committee to require LEA auditors to assess the impact of audit adjustments on the MOE

calculation and, where the impact is material, to quantify the impact in the LEA audit report in sufficient detail to enable Education to take the adjustment into account when calculating MOE. The Audit Guide Committee will consider Education's proposal in the fall of 2009.

Condition 2: Fully corrected.

Condition 3: Remains uncorrected/disagree with finding. Education does not concur with the condition. Education continues to send final MOE calculations back to the LEAs if the final calculations differ from the LEAs' preliminary calculations.⁵⁹

Reference Number:	2007-7-13
Federal Program:	84.282
State Administering Department:	California School Finance Authority (Authority)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Level of Effort-Supplement not Supplant.</u> As a result of the Authority reducing its state program expenditures by approximately the same amount as the federal award expenditures of \$5.6 million during the fiscal year ending June 30, 2007, it is not in compliance with federal nonsupplantation guidelines.
Status of Corrective Action:	Remains uncorrected/disagree with finding. The Authority is confident that it is in compliance with the supplementing requirement. ⁶⁰

Reference Number:	2007-7-14
Federal Program:	84.010; 84.011; 84.027; 84.173; 84.186; 84.282; 84.318; 84.365
State Administering Department:	Department of Education (Education)
Fiscal Year Initially Reported:	2005–06
Audit Finding:	<u>Earmarking.</u> Education does not have appropriately designed controls in place to monitor program earmarking requirements. Additionally, it does not perform actual calculations on required earmarks to ascertain if it has complied with the required limitations.

Status of Corrective Action: Fully corrected.⁶¹

Reference Number: **2007-7-15**

Federal Program: 84.282

State Administering Department: California School Finance Authority (Authority)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. The Authority does not have appropriately designed controls in place to monitor program earmarking requirements. Additionally, it does not perform actual calculations on required earmarks to ascertain if it has complied with the required limitations.

Status of Corrective Action: Partially corrected. The Authority will continue to work with the State Treasurer's Office's Administrative Division to address issues by December 2008.

Reference Number: **2007-8-6**

Federal Programs: 84.010; 84.011; 84.027; 84.173; 84.186; 84.282; 84.318; 84.365; 84.367; 84.369

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Period of Availability. Education does not require journal entries to be reviewed and approved, nor does it require segregation of duties between the preparer and recorder of the entry.

Status of Corrective Action: Fully corrected.⁶²

Reference Number: **2007-8-7**

Federal Program: 84.318

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. There does not appear to be

effective monitoring of liquidation deadlines to ensure that final payments are made before the 90-day deadline.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-9-4**

Federal Program: 84.282

State Administering Department: California School Finance Authority (Authority)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Procurement, Suspension and Debarment. The Authority does not have policies or procedures in place to review subrecipient charter schools and the corresponding school officials against the Excluded Parties List System (EPLS), nor is there language related to certification of nonsuspension or debarment contained within its grant award agreements or Legal Status Questionnaire.

Status of Corrective Action: Partially corrected. Verification of potential subgrantee status in EPLS will be completed by December 2008. Also, program regulations are being amended and approval is expected prior to the start of the next funding round.

Reference Number: **2007-12-17**

Federal Program: 84.010

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. There is no policy or procedure in place to review and reconcile the unaudited Standard Account Code Structure (SACS) trial balance to the final audited financial statement or review of the subsequent year SACS trial balance submission in the following October for any material adjustments to the final balance for prior-year adjustments.

Status of Corrective Action: Remains uncorrected/disagree with finding. Education acknowledges that using unaudited rather than audited expenditure data from LEAs may pose a risk that audit adjustments or omissions may not be

adequately reflected in the NPEFS survey. However, Education considers the potential impact on statewide data insignificant for performance reporting purposes.⁶³

Reference Number: **2007-12-18**

Federal Program: 84.282

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Education did not review the information included on its Public Charter School Grant Program Fiscal Year 2006 Grant Performance Report with the detail documentation that was used to prepare the report to ensure accuracy.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-19**

Federal Program: 84.282

State Administering Department: California School Finance Authority (Authority)

Fiscal Year Initially Reported: 2006-07

Audit Finding: Reporting. There does not appear to be an adequate control process in place to ensure accuracy in the amounts reported on the Authority's Annual Performance Report.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-20**

Federal Program: 84.186

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. There was no evidence noted of a review and approval of the data reported on Education's Consolidated State Performance Report.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-21**

Federal Program: 84.011

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. Education does not perform any monitoring controls to ensure the subcontractor's controls in place to gather and compile the information are effective to ensure the accuracy and completeness of the data supplied to Education. Additionally, Education does not maintain supporting documentation for its submitted reports.

Status of Corrective Action: Partially corrected. Education has strengthened quality control procedures over the reporting approval process by requiring regional offices to validate student count data. By December 31, 2008, Education plans to select a sampling of data submissions by region and check the data for completeness and accuracy.⁶⁴

Reference Number: **2007-12-22**

Federal Programs: 84.027; 84.173

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. Education included duplicate students in its submitted reports.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-13-12**

Federal Programs: 84.011; 84.282; 84.318; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. We were unable to identify

controls to ensure that award information was properly identified to the LEAs.

Status of Corrective Action: Fully corrected.⁶⁵

Reference Number: **2007-13-13**

Federal Programs: 84.010; 84.011; 84.186; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. By not maintaining adequate documentation of the procedures performed or ensuring that appropriate reviews and approvals are performed, Education is not able to adequately support conclusions reached during its monitoring visits. Additionally, Education does not appear to impose effective sanctions on LEAs for untimely implementation of their corrective action plans.

Status of Corrective Action: Fully corrected.⁶⁶

Reference Number: **2007-13-14**

Federal Programs: 84.027; 84.173

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. Education's monitoring site visits consisted of programmatic procedures and did not include any fiscal procedures to gain assurance on compliance with fiscal requirements of the program. Further, Education's follow-up schedule results in the untimely resolution of the LEAs' corrective actions.

Status of Corrective Action: Fully corrected.⁶⁷

Reference Number: **2007-13-15**

Federal Program: 84.282

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Education does not retain detail work paper documentation of the scope of the procedures that are performed to support the conclusions reached.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-13-16**

Federal Program: 84.282

State Administering Department: California School Finance Authority (Authority)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Condition 1: We were unable to identify controls to ensure the Authority discloses complete grant award information to its subrecipient charter schools, which increases the risk of their noncompliance with appropriate federal requirements.

Condition 2: The Authority’s monitoring policies do not include any site visits.

Condition 3: The Authority did not have adequate processes and controls in place to disclose, identify, and obtain required OMB Circular A-133 audit reports from its charter school subrecipients that expend \$500,000 or more in total federal funds.

Status of Corrective Action: All conditions: partially corrected. The Authority will ensure all subgrantees have received appropriate notifications by December 2008.

Reference Number: **2007-13-17**

Federal Program: 84.318

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. Education did not perform monitoring procedures over fiscal requirements.

Status of Corrective Action: Partially corrected. To strengthen the monitoring of

subrecipients, Education is hiring a retired annuitant to be the subrecipient monitoring coordinator. The start date of the retired annuitant has been delayed pending approval of the fiscal year 2008–09 California State Budget.

Reference Number: **2007-13-18**

Federal Programs: 84.010; 84.011; 84.186; 84.318; 84.365; 84.367

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. Education does not have policies or procedures for assessing SELPA and LEA subrecipients as high-risk either on the individual program level or on the overall SELPA and LEA level.

Status of Corrective Action: Fully corrected.⁶⁸

Reference Number: **2007-14-7**

Federal Program: 84.010

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Title I program used the Notices of Apportionment, as opposed to the Grant Award Notifications, as its means to communicate award identification to its LEAs.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-14-8**

Federal Program: 84.010

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Special Tests and Provisions. We were unable to obtain documentation to support that comparability assessments were performed as of June 30, 2006, or June 30, 2007.

Status of Corrective Action: Partially corrected. In fiscal year 2007–08, Education began implementing new procedures for meeting Title I, Part A, comparability requirements. For the fiscal year 2008–09, Education will withhold apportionments of Title I, Part A, funds for those LEAs who do not submit their comparability reports promptly.

Reference Number: **2007-14-9**

Federal Program: 84.010

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Some sampled charter schools did not receive payments within the required five months. Education was unable to provide the charter school surveys to support that the initial apportionments were based on estimated enrollment.

Status of Corrective Action: Remains uncorrected/disagree with finding. Education considers existing policies and procedures adequate in ensuring compliance with the five-month requirement to accurately and promptly make payments to new or expanding charter schools.⁶⁹

Reference Number: **2007-14-10**

Federal Program: 84.011

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Special Tests and Provisions. Education relies upon the work performed by an outside subcontractor and does not perform any monitoring to ensure the subcontractor's controls are in place and effective to help ensure the accuracy of the funding formula supplied to Education.

Status of Corrective Action: Partially corrected. Education has strengthened quality control procedures over the reporting approval process by requiring regional offices to validate student count data. By December 31, 2008, Education plans to select a sampling of data

submissions by region and check the data for completeness and accuracy.⁷⁰

Reference Number: **2007-14-11**

Federal Program: 84.011

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Education was unable to provide evidence that the consultant reviewed the reports submitted by the vendors, as indicated in the quality control process.

Status of Corrective Action: Partially corrected. Education has strengthened quality control procedures over the reporting approval process by requiring regional offices to validate student count data. By December 31, 2008, Education plans to select a sampling of data submissions by region and check the data for completeness and accuracy.⁷¹

Reference Number: **2007-1-10**

Federal Program: 93.778

State Administering Department: Department of Health Care Services (Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Activities Allowed. We were unable to determine the medical necessity of five of the 50 fee-for-service claims sampled.

Status of Corrective Action: Partially corrected. Health Care Services has consistently and aggressively addressed the issues of monitoring and internal controls to ensure only medically necessary claims and eligible providers are paid and that the providers are observing the records retention rules.

Health Care Services is in the process of drafting letters requesting repayment from the providers for the five noted exceptions. In addition, civil money penalty letters will be issued to all five providers citing the findings of the Bureau of State Audits' review.

Subsequent reviews are also planned for three of the providers to ensure they are properly billing the program.⁷²

Reference Number:	2007-1-11
Federal Program:	93.778
State Administering Department:	Department of Health Care Services (Health Care Services)
Fiscal Year Initially Reported:	2005–06
Audit Finding:	<u>Activities Allowed.</u> Business users (who do not have any system administration responsibilities) have full, unrestricted administrative access to the Centers for Medicare and Medicaid Services 64 (CMS-64) database.
Status of Corrective Action:	Fully corrected.

Reference Number:	2007-2-8
Federal Program:	93.917
State Administering Department:	Department of Public Health (Public Health)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Allowable Costs/Cost Principles.</u> We reviewed available audit and investigation reports that were published and released during fiscal year ended June 30, 2007. We found that, based on the error percentage noted in the reports, the risk of noncompliance with allowable costs is considered material.
Status of Corrective Action:	Partially corrected. The AIDS Drug Assistance Program (ADAP) has implemented an enhanced third-party-payer screening process, as well as other procedures to monitor for Medi-Cal eligibility. ADAP is also close to having an interagency agreement with the Department of Health Care Services to perform a monthly data exchange with it to monitor ADAP clients for possible Medi-Cal eligibility.

Reference Number:	2007-2-9
-------------------	-----------------

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Allowable Costs/Cost Principles. Electronic Data System (EDS), the State's fiscal intermediary, did not consistently retain the necessary documentation to demonstrate that approval and testing of changes to the program had been obtained. EDS also did not consistently communicate expiration dates of guidelines or retain approval of edit criteria updates.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-2-10**

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Allowable Costs/Cost Principles. We reviewed the summary of findings cited in the second annual Medi-Cal Payment Error Study (MPES) performed during fiscal year 2004–05. We found that, based on the error percentage related to Medi-Cal payments and incorrect eligibility determinations, the risk of noncompliance with allowable costs and activities and eligibility is material.

Status of Corrective Action: Partially corrected. The MPES has aided Health Care Services in determining the areas most vulnerable to abuse and has aided in the allocation of resources to the vulnerable areas, increasing their oversight.

Health Care Services has continuously implemented the corrective action steps outlined in the MPES from 2005. Based on those findings, vulnerable providers have been identified, and new procedures have been developed to ensure payments are made for allowable services and for eligible beneficiaries.⁷³

Reference Number: **2007-2-11**

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Allowable Costs/Cost Principles. Drug utilization data was mailed to labelers 14 days late.

Status of Corrective Action: Remains uncorrected/agree with finding. There exists a potential system logic change which will reduce the amount of manual review required for blood factor claims. The change is expected to be implemented in April 2009. In addition, Health Care Services has implemented a second printer so that the time required for printing the physical invoices is reduced by four days.⁷⁴

Reference Number: **2007-2-12**

Federal Program: 93.794

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Allowable Costs/Cost Principles/Eligibility. Of the 2,734 cases sampled, Health Care Services determined that 244 were ineligible for Medicaid, resulting in a 9 percent error rate.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-3-11**

Federal Programs: 93.283; 93.889; 93.566

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Cash Management. There is no evidence of review or approval on the federal cash drawdown requests by someone other than the preparer.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-3-12**

Federal Program: 93.283

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2004–05

Audit Finding: Cash Management. Public Health paid several subrecipients their 25 percent payment for a three-month service period well after the 45-day time limit, as set forth in the Prompt Payment Act and as mandated by 31 CFR, Part 205, Subpart B, regarding the minimization of time between the receipt of request for payment and the federal draw and subsequent payment issuance by the state program.

Public Health does not have procedures in place to ensure that the Public Health Preparedness and Response for Bioterrorism program's subrecipient can demonstrate the ability to minimize the time between receipt and disbursement of federal program funds.

Status of Corrective Action: Partially corrected. Public Health continues to improve the processing times for invoices. Payments are within 45 days of receipt of the required application, except for instances involving extenuating circumstances.⁷⁵

Reference Number: **2007-3-13**

Federal Programs: 93.889; 93.917; 93.566

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Cash Management. Public Health does not have a policy that addresses (or adequately controls) the minimization of timing of reimbursement payments made to subrecipients.

Status of Corrective Action: Partially corrected. Toward the end of the fiscal year, Public Health does not have sufficient funds to pay invoices from its general fund clearing account. Public Health is seeking a general fund loan to be in effect by July 2010. Public Health has also hired temporary staff to reduce the backlog of invoices.⁷⁵

Reference Number: **2007-3-14**

Federal Programs: 93.575; 93.596

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Cash Management. Education’s control process for making payments to program contractors does not include a signed copy of the approved claims schedule to be retained as evidence of the review and approval process for the claim.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-3-15**

Federal Programs: 93.575; 93.596

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Cash Management. One drawdown was paid eight days after the cash was received by the SCO, which exceeds the days allowed for pre-issuance funding technique.

Status of Corrective Action: Partially corrected. Education complied with the policy and procedures established by Finance with agreement by the SCO when processing the claim noted in this finding. However, Education continues to work with the Risk Management Service in determining and implementing the cash management process improvements that are deemed practical and achievable within Education’s available resources.⁷⁶

Reference Number: **2007-5-2**

Federal Program: 93.917

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Eligibility. Four of the 30 site visit reports reviewed were completed six months after the site visit date.

Status of Corrective Action: Partially corrected. ADAP continues to use the recently implemented enhanced Third-Party-Payer screening process. ADAP is also close to instituting an interagency agreement with the Department of Health Care Services in order to perform a monthly data exchange, which will allow ADAP staff to monitor any changes in client status with respect to Medi-Cal eligibility. Additionally, the program has initiated procedures to ensure timely site visit reports.⁷⁷

Reference Number: **2007-5-3**

Federal Program: 93.566

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Eligibility. No program review had been performed over the counties' determination of eligibility of applicants for Refugee Medical Assistance (RMA) funding.

Status of Corrective Action: Partially corrected.

Health Care Services has received federal approval of the review guidelines for its three-year review of RMA eligibility determinations. The review is expected to begin before the end of 2008 and should be completed six to seven months from the start date.

The annual RMA case review has not yet been done but is expected to be completed by July 1, 2009.

The error cases identified during the federal review have been compiled, and Health Care Services has begun communicating with counties to correct those cases of erroneous eligibility. All of the error cases are expected to be corrected by January 1, 2009.

The all county welfare directors letter is expected to be completed by July 1, 2009.

Health Care Services has written an all county welfare directors letter to implement Medi-Cal Eligibility Data System changes that will automatically terminate RMA cases at the end of their eight-month period of eligibility. This letter is in final sign-off.

Health Care Services expects it to be published in September 2008. The related system changes will be installed before the end of 2008 and will be fully implemented by early 2009.

Reference Number:	2007-5-4
Federal Program:	93.778
State Administering Department:	Department of Health Care Services (Health Care Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Eligibility.</u> Of the 120 case files reviewed, 12 had at least one nonexempt beneficiary who lacked appropriate citizenship documentation but received full-scope Medi-Cal benefits.
Status of Corrective Action:	Fully corrected. ⁷⁸

Reference Number:	2007-5-5
Federal Program:	93.778
State Administering Department:	Department of Health Care Services (Health Care Services)
Fiscal Year Initially Reported:	2006–07
Audit Finding:	<u>Eligibility.</u> Some Medicaid recipients deemed eligible by the Medicaid Eligibility Quality Control process were actually ineligible for Medi-Cal benefits. Some cases tested from the general population of Medicaid beneficiaries were erroneously transferred to Transitional Medi-Cal.
Status of Corrective Action:	Remains uncorrected/agree with finding. Health Care Services is working with LEADER and CalWIN system experts to identify and correct any interface issues between the county eligibility systems and the Medicaid Eligibility Database System (MEDS). Health Care Services expects to complete its review in early 2009. ⁷⁸

Reference Number:	2007-5-6
Federal Program:	93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Eligibility. Health Care Services is unable to reconcile the presumptive eligibility number against the enrollment listing filed with Health Care Services.

Status of Corrective Action: Remains uncorrected/agree with finding. Health Care Services is pursuing an automated process to post the presumptive eligibility identification to the State's MEDS so that records for these recipients can be accessed to authenticate, reconcile, and prevent duplicate issuances of the presumptive eligibility number during the claims adjudication process.⁷⁹

Reference Number: **2007-7-16**

Federal Programs: 93.575; 93.596

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. Education does not have appropriately designed controls in place to monitor mandated program earmarking requirements. Additionally, Education does not perform calculations on required earmarks to ascertain if it has complied with the required limitations.

Status of Corrective Action: Remains uncorrected/disagree with finding. Education does monitor earmarking and other compliance requirements throughout the grant period.⁸⁰

Reference Number: **2007-7-17**

Federal Program: 93.994

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Earmarking. Maternal and Child Health Services Block Grant did not track the 30 percent spending requirement for (a) preventive and primary care for

children or (b) children with special health care needs.

Status of Corrective Action: Partially corrected. Based on time surveys received from local health jurisdictions after one fiscal year, Public Health will have accounting information that will properly track and provide timely reporting of grant fund expenditures for the earmarking requirements.

Reference Number: **2007-8-8**
Federal Program: 93.566
State Administering Department: Department of Public Health (Public Health)
Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability. Public Health did not have adequate controls in place to prevent or detect items being posted in the incorrect period, which caused expenditures to be charged to the incorrect award year.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-8-9**
Federal Programs: 93.575; 93.596
State Administering Department: Department of Education (Education)
Fiscal Year Initially Reported: 2005–06

Audit Finding: Period of Availability. Education does not require journal entries to be reviewed and approved, nor does it require segregation of duties between the preparer and the recorder of the entry. Education's current policies and procedures do not require that detailed transaction supporting documentation be maintained to support first-in-first-out amounts adjusted.

Status of Corrective Action: Fully corrected.⁸¹

Reference Number: **2007-8-10**
Federal Programs: 93.575; 93.596
State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Period of Availability.

Condition 1: Education records subrecipient contractor payments essentially on a cash basis into the program year (work phase) that is open at the time the payment request is submitted, which increases the risk that material amounts would be recorded in the improper period.

Condition 2: Four advances were made to one contractor before the contracts were executed.

Status of Corrective Action: Condition 1: Partially corrected. Education is reviewing existing contract contingency language regarding the conditions of obligation, and if necessary, will add clarifying language for fiscal year 2008–09 contracts.

Condition 2: Remains uncorrected/disagree with finding. Education contends that contractor payments are processed only after the contractor signs and returns the contracts to Education.⁸²

Reference Number: **2007-12-23**

Federal Programs: 93.566; 93.889

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2003–04

Audit Finding: Reporting. There is no evidence of review or approval of the SF-272—Federal Cash Transactions Report. Public Health did not prepare and submit two of its four quarterly Financial Status Reports as required by the special terms and conditions section in the grant extension letter.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-12-24**

Federal Program: 93.767

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. We were unable to verify the accuracy of detailed expenditures reported by line item or category of service.

Status of Corrective Action: Partially corrected. CMS 21 accounting system design meetings have been ongoing, and system requirements have been identified. Design and development will continue until system is finalized and implemented.

Reference Number: **2007-12-25**

Federal Programs: 93.575; 93.596

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Reporting. Education did not maintain supporting documentation for the allocation to nondirect services, which was reported in the Discretionary Fund. Education also had overreported the amounts expended in the Discretionary Fund's Direct and Non-Direct Services line items. Finally, Education had reported the total approved amount of the Temporary Assistance to Needy Families funds to be transferred, but this did not match the total expenditures that were recorded in the CalSTARS general ledger.

Status of Corrective Action: Remains uncorrected/disagree with finding. Education did not overreport the Direct and Non-Direct Services amounts on the ACF-696. The general ledger PCAs totaled by the auditors did not include all the activity within the PCAs that Education used to compile the amounts reported on the ACF-696.

Reference Number: **2007-12-26**

Federal Program: 93.778

State Administering Department: Department of Health Care Services (Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. Federal expenditures noted in the

quarterly Centers for Medicare and Medicaid Services (CMS) CMS-64, *Quarterly Statement of Expenditures for the Medical Assistance Program* reports are not traceable to individual claims.

Status of Corrective Action: Remains uncorrected/agree with finding. The Fiscal Intermediary and Contracts Oversight Division has submitted a Systems Development Notice to redesign the system to incorporate the capability to trace summary reports back to individual claims. However, Health Care Services has instructed EDS to prepare an estimate for an alternate interim solution to achieve compliance.⁸³

Reference Number: **2007-13-19**

Federal Programs: 93.575; 93.596

State Administering Department: Department of Education (Education)

Fiscal Year Initially Reported: 2003–04

Audit Finding: Subrecipient Monitoring. The monitoring procedures contained limited fiscal procedures and do not cover all major functions and activities of the program. There was no documented sign-off of approval for the procedures performed and conclusions reached for the monitoring visit on the Cross-Program Instrument by someone other than the preparer. Further, Education does not maintain adequate documentation of the procedures performed or ensure that the appropriate reviews and approvals are performed. Finally, there does not appear to be effective sanctions imposed by Education on the LEAs for the untimely implementation of their corrective action plans.

Status of Corrective Action: Fully corrected.⁸⁴

Reference Number: **2007-13-20**

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Health Care Services does

not have adequate controls in place to monitor compliance with required disclosures in subgrant agreements, which resulted in the required disclosures not being made.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-13-21**

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2005–06

Audit Finding: Subrecipient Monitoring. Adequate controls do not appear to be in place to ensure findings noted on OMB Circular A-133 audit reports are addressed in a timely manner.

Status of Corrective Action: Fully corrected.⁸⁵

Reference Number: **2007-13-22**

Federal Program: 93.994

State Administering Department: Department of Public Health (Public Health)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Subrecipient Monitoring. Adequate controls do not appear to be in place to ensure findings noted on OMB Circular A-133 audit reports are addressed in a timely manner.

Status of Corrective Action: Fully corrected.

Reference Number: **2007-14-12**

Federal Program: 93.777

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Health Care Services'

Provider Enrollment Division (PED) did not retain federally required provider agreements and its related disclosures for some of the providers selected.

Status of Corrective Action: Partially corrected. PED continues its plan to re-enroll all Medi-Cal providers as a continuous process and continues to work in conjunction with Audits and Investigations Division to re-enroll providers identified as high-risk, including the re-enrollment of identified pre-1999 providers.

California Department of Public Health, Licensing and Certification Division, in partnership with PED, implemented the new provider agreement for all health facilities that participate in Medi-Cal, effective August 2008.⁸⁶

Reference Number: **2007-14-13**

Federal Program: 93.777

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Health Care Services' PED does not have a procedure in place to discontinue a provider number once a provider's license has expired. As such, providers may continue to receive Medi-Cal funds even if the provider does not have an active license.

Status of Corrective Action: Partially corrected. PED continues to explore the possibility of participating in database file matches with the California Medical Board that would allow automated updates to physician records.⁸⁷

Reference Number: **2007-14-14**

Federal Program: 93.778

State Administering Department: Department of Health Care Services
(Health Care Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Special Tests and Provisions. Adequate controls do not appear to be in place to ensure the retention of

documentation of audit files, resulting in a lack of evidence of the performance of the audits, as well as the findings noted and conclusions reached.

Status of Corrective Action:

Partially corrected. Health Care Services Medical Review Branch has implemented a Quality Assurance Review Committee, which randomly selects files throughout the branch and reviews the files for consistency and quality.

Reference Number:

2007-3-16

Federal Programs:

97.004; 97.008; 97.036; 97.039

State Administering Departments:

Governor's Office of Emergency Services
(Emergency Services)
Governor's Office of Homeland Security
(Homeland Security)

Fiscal Year Initially Reported:

2006–07

Audit Finding:

Cash Management. It does not appear that Emergency Services minimized the number of days between the receipt of the reimbursement request and disbursement to the subrecipient.

Status of Corrective Action:

Partially corrected. KPMG agreed that if Emergency Services documents the problems incurred with subrecipients' errors and lack of response that subsequent audits may adjust the number of days considered reasonable for reimbursement.

Emergency Services' Information Technology added a correspondence log to facilitate recording of communications with subrecipients to document any payment contacts or problems. The log is currently in draft and will be tested.

Homeland Security has worked diligently with Emergency Services to minimize all payment delays related to these federal programs. Both agencies will continue this process until grantees are reimbursed in as timely a manner as possible.⁸⁸

Reference Number:

2007-9-5

Federal Programs:

97.036; 97.039

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Procurement, Suspension and Debarment. For a number of subrecipients participating in the Public Assistance and Hazard Mitigation Grant programs, there are no signed certifications (Project Application for Federal Assistance—Form 89) on file to comply with the suspension and debarment requirement.

Status of Corrective Action: Partially corrected. The Emergency Services Grants Processing Unit has initiated a project to assure that Form 89 certifications are updated and that updates are contained in Emergency Services' ALS database. Project completion is anticipated to be September 5, 2008.

Reference Number: **2007-12-27**

Federal Program: 97.004

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Fiscal Year Initially Reported: 2006–07

Audit Finding: Reporting. We were unable to trace amounts on the FSR to supporting documentation or accounting records.

Additionally, we noted that there is no general rule for how Emergency Services calculates the total unliquidated obligations it reports.

Status of Corrective Action: Partially corrected. Emergency Services has developed and is in the process of implementing corrective actions to assure that amounts reported on FSRs are traceable to supporting documentation and accounting records.

Additionally, as of August 10, 2008, Emergency Services has drafted detailed policies and procedures on how to prepare the FSR.

Reference Number: **2007-13-23**

Federal Programs: 97.036; 97.039

State Administering Department: Governor's Office of Emergency Services
(Emergency Services)

Fiscal Year Initially Reported: 2001-02

Audit Finding: Subrecipient Monitoring. Emergency Services did not adequately monitor its subrecipients of funds for its Public Assistance and Hazard Mitigation Grant programs for the fiscal year ended June 30, 2007.

Status of Corrective Action: Partially corrected. Emergency Services' local assistance monitoring branch states that it is in the process of developing policies and procedures for review and receipt tracking of subrecipient audits.⁸⁹

- 52 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-15.
- 53 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-7-1.
- 54 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-12-1.
- 55 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-1.
- 56 This finding is no longer valid. KPMG stated that this finding was related to a central FASD process that was tested in other major programs during the fiscal year 2007–08 audit and considered no longer an issue.
- 57 We reported similar findings in our audit of fiscal year 2007–08. Please refer to reference numbers 2008-3-3 and 2008-3-4.
- 58 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-3-4.
- 59 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-7-5.
- 60 KPMG stated that as of December 17, 2008, the Authority had not received any guidance from its cognizant agency to resolve or clarify this issue.
- 61 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-7-8.
- 62 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-8-1.
- 63 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-12-3.
- 64 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-12-4.
- 65 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-5.
- 66 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-6.
- 67 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-7.
- 68 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-9.
- 69 This finding is no longer valid. KPMG found no exceptions during its testing for the fiscal year 2007–08 audit.
- 70 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-14-3.
- 71 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-14-4.
- 72 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-1-4.
- 73 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-2-3.
- 74 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-1-3.
- 75 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-3-6.
- 76 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-3-7.
- 77 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-5-3.
- 78 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-5-4.
- 79 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-5-5.
- 80 This finding is no longer valid. KPMG identified mitigating controls during its testing of fiscal year 2007–08 and did not issue a finding.
- 81 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-8-3.
- 82 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-8-4.
- 83 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-12-6.
- 84 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-11.
- 85 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-13.
- 86 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-14-5.
- 87 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-14-6.
- 88 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-3-9.
- 89 We reported a similar finding in our audit of fiscal year 2007–08. Please refer to reference number 2008-13-14.

May 2009

We conducted this audit to comply with Section 8546.3 of the California Government Code. The Independent Auditor's Report provides the opinions we expressed on the State of California's internal control and on compliance and other matters.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: May 27, 2009

Deputy: Philip J. Jelicich, CPA

Lead Audit Principal: Joanne Quarles, CPA

Audit Principals: Steven A. Cummins, CPA
Karen L. McKenna, CPA
Denise L. Vose, CPA
Nancy C. Woodward, CPA

Project Manager: Grant Parks, MBA

Team Leads: Laura G. Boll
Norm Calloway, CPA
Dale A. Carlson, MPA, CGFM
David J. Edwards, MPPA
Sharon L. Fuller, CPA
Jonnathon Kline
Jerry A. Lewis
John Lewis, MPA
Tammy Lozano, CPA, CGFM
Kris D. Patel
Katrina Solorio

Staff: Daniel P. Andersen
Jason Beckstrom, MPA
Christopher P. Bellows
Alicia Beveridge, MPA
Sarah R. Black, MBA
Heidi Broekemeier
Kim Buchanan, MBA
Beka Clement, MPA
Ryan P. Coe, MBA
Aaron Fellner, MPP
Ralph M. Flynn, JD
Richard W. Fry, MPA
Sean R. Gill, MPP
Kathleen Klein Fullerton, MPA
Evelyn Garcia, MA
Stephanie Gogulski, MPP, MA
Joshua Hooper
C. E. Kocher, CIA
Julien Kreuze, MPP

Linda M. Lavin, MPP
Meghann K. Leonard, MPPA
Carolyn Macola, PhD
A. J. Meyer
Wesley Opp, JD
Angela C. Owens, MPPA
Richard Power, MBA, MPP
Tram Truong
Maya Wallace, MPPA

Contractor: KPMG, LLP

(Agency response provided as text only.)

Department of Finance
State Capitol
Room 1145
Sacramento, CA 95814-4998

May 8, 2009

Ms. Elaine M. Howle, State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Dear Ms. Howle:

Thank you for the opportunity to respond to the internal control and state and federal compliance audit report for the fiscal year ended June 30, 2008. This report was the result of your examination of the state's general purpose financial statements and administration of federal programs for the fiscal year ended June 30, 2008, and will be part of the Single Audit Report covering this period. We accept the reported findings and recommendations and recognize that compliance findings resulted in 20 qualified opinions for the 39 major programs. We also recognize that there are areas where internal controls and administration of federal awards needs to be improved.

California provides its citizens with numerous state and federal programs and activities and is one of the largest and most complex economic entities in the world. Moreover, such operations must exist within a system of internal and administrative control that safeguards assets and resources and produces reliable financial information. Attaining these objectives and overseeing the financial and business practices of the state continues to be an important part of the Department of Finance's (Finance) leadership.

In meeting our responsibility for financial leadership and oversight, Finance provides internal audit related education and training to departments as well as oversight of departmental internal audit units by issuing audit guidelines and conducting quality assurance reviews. Further, we have an ongoing process of issuing audit memos to departments that establish statewide policy and provide technical advice on various audit related issues. An audit memo concerning the results of the fiscal year 2007-08 Single Audit will be issued to remind all departments of their responsibility for implementing corrective action plans for their single audit findings.

The head of each state department is responsible for establishing and maintaining a system of internal accounting and administrative control within their department. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified for changing conditions.

Moreover, all levels of state management must be involved in assessing and strengthening their systems of internal accounting and administrative controls to minimize fraud, errors, abuse, and waste of government funds. In 2006 the state implemented changes to the Financial Integrity and State Manager's Accountability Act (FISMA) reporting requirements. As a result, each agency must conduct an internal review of its controls and prepare a report of the findings. A certification letter alone no longer meets the FISMA requirements. Finance

Ms. Elaine M. Howle
May 8, 2009
Page 2

will continue to provide education and guidance to assist agencies in meeting the FISMA requirements. The state is committed to sound and effective fiscal oversight.

Individual departments have separately responded to the report's findings and recommendations. Accordingly, their viewpoints and corrective action plans are included in the report. We will monitor the findings and reported corrective actions to identify potential changes in statewide fiscal procedures.

Finance is committed to ensuring the proper financial operations and business practices of the state, as well as ensuring that internal controls exist for the safeguarding and effective use of assets and resources. We will consider the single audit findings during audit work conducted in those departments that received a qualified opinion on a major program.

If you have any questions concerning this letter, please contact David Botelho, Chief, Office of State Audits and Evaluations, at (916) 322-2985.

Sincerely,

(Signed by: Michael C. Genest)

MICHAEL C. GENEST
Director

cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press

Unit	Tasks	Staff ISA/PA \$33.26	SSS II \$36.51	Mgr III \$28.13	
Computer Operations	Develop and document new JCL and appropriate workorders.	80			
Driver Lic. Applications	Develop specifications and code programming modifications. Create new program. Test programming modifications.	500			
E-Gov Design Team	Coordinate SOS project with developers, consultants, analysts, LOD and OTECH. Will work directly with SOS on new proposed transaction and testing of new process.		160		
E-Gov Analysis Team	Provide assistance in gathering of new and/or revised requirements, gap analysis and integration testing for the enhanced application.	40			
DL Syst Develop. & Policy Units	Write programming request; Prepare publication request for DMV website; prepare memorandum of understanding (MOU) with SOS			90	
Consultant	Due to resource contension, consultants will be hired to augment staffing. Assist with programming development and System Testing needs. Document workflow and network architecture and assist with developing specifications document and test plan. Develop use cases. Will provide skill transfer to DMV for ongoing maintenance. (see below item "f" for hours and hourly rate)				

Note: Mid-range salary is used.

Minimum Hours	620	160	90
Maximum Hours	1240	320	90
Meeting with SOS & project team	40	40	40

Salary Cost \$ 42,573 \$ 13,144 \$ 3,657 \$

a) Total Direct Labor Cost \$ 69,345

Staff/Fringe Benefits @ 49.06% \$ 34,021

Indirect/Overhead Cost @ 20.88% \$ 21,583

b) Total Staff Benefits & Overhead Costs \$ 55,604

f) Contractual - 1056 hrs @ \$125/hr \$ 132,000

OTech (Storage) \$ 39,135

IT Misc Costs (DBA support, CPU proc cost, etc) \$ 18,700

h) Total Other Direct Costs \$ 57,835

Total One Time Costs (a,b,f,h) \$ 314,784

SOS Costs

Tasks	Notes	SSS III @ \$42.13	SenPA @ \$36.58	CEA
1) Modify Fed Form Application	Include architecture design/review/documentation	40		40
a) Modify User Interface to include identity verification as part of the interview		40		40
b) Modify application to interface with CalValidator Web Services		40		40
c) Modify application to write data verified with CalValidator to a separate/new table		40		40
2) Create New application to handle the DMV Signature retrieval process	Include architecture design/review/documentation	40		40
a) Generate files based on data generated in 1c above		40		40
b) Buy/Build/Use .net FTP utility		40		40
c) Send (FTP) files to DMV		40		40
d) Retrieve signatures from DMV		40		40
e) Match data/signatures from DMV to data from 1c above and post to Fed Form data sharing database.		40		40
f) Create new reports to show statistics and status of Fed Form/DMV Processing.	Probably SQL Server Reporting Services	40		40
		<u>440</u>		<u>440</u>
	Minimum Hours	440		440
	Maximum Hours	710		710
	Meeting with DMV	40		40
	Cost \$	31,597.50	\$	27,435.00
	Total Direct Labor Cost \$	64,901.30		
	Benefits @ 41% \$	26,609.53		
	Total Direct Personnel Costs \$	91,510.83		
	Indirect Cost @ 68% \$	62,227.37		
	Total SOS Costs \$	<u>153,738.20</u>		



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Save & Submit

Save

Print

Cancel

Check Package for Errors



Grant Application Package

Opportunity Title:

Offering Agency:

CFDA Number:

CFDA Description:

Opportunity Number:

Competition ID:

Opportunity Open Date:

Opportunity Close Date:

Agency Contact:

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

I will be submitting applications on my behalf, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

* Application Filing Name:

Mandatory Documents

Move Form to Complete

=>

Move Form to Delete

<=

Mandatory Documents for Submission

Open Form

Optional Documents

Move Form to Submission List

=>

Move Form to Delete

<=

Optional Documents for Submission

Open Form

Instructions

- 1 Enter a name for the application in the Application Filing Name field.
 - This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
- 2 Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.
 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- 3 Click the "Save & Submit" button to submit your application to Grants.gov.
 - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424

* 1. Type of Submission:		* 2 Type of Application:	* If Revision, select appropriate letter(s):
<input type="checkbox"/> Preapplication		<input checked="" type="checkbox"/> New	<input type="text"/>
<input checked="" type="checkbox"/> Application		<input type="checkbox"/> Continuation	* Other (Specify):
<input type="checkbox"/> Changed/Corrected Application		<input type="checkbox"/> Revision	<input type="text"/>
* 3. Date Received:		4. Applicant Identifier:	
<input type="text"/> <small>Completed by Grants.gov upon submission.</small>		<input type="text"/>	
5a. Federal Entity Identifier:		5b. Federal Award Identifier:	
<input type="text"/>		<input type="text"/>	
State Use Only:			
6 Date Received by State: <input type="text"/>		7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:			
* a. Legal Name: <input type="text" value="Chicago Board of Election Commissioners"/>			
* b. Employer/Taxpayer Identification Number (EIN/TIN):		* c. Organizational DUNS:	
<input type="text" value="(b) (4)"/>		<input type="text" value="(b) (4)"/>	
d. Address:			
* Street1:	<input type="text" value="69 West Washington Street"/>		
Street2:	<input type="text" value="Suite 800"/>		
* City:	<input type="text" value="Chicago"/>		
County/Parish:	<input type="text"/>		
* State:	<input type="text" value="IL: Illinois"/>		
Province:	<input type="text"/>		
* Country:	<input type="text" value="USA: UNITED STATES"/>		
* Zip / Postal Code:	<input type="text" value="60602-3012"/>		
e. Organizational Unit:			
Department Name:		Division Name:	
<input type="text"/>		<input type="text"/>	
f. Name and contact information of person to be contacted on matters involving this application:			
Prefix:	<input type="text"/>	* First Name:	<input type="text" value="Kelly"/>
Middle Name:	<input type="text"/>		
* Last Name:	<input type="text" value="Bateman"/>		
Suffix:	<input type="text"/>		
Title:	<input type="text"/>		
Organizational Affiliation:			
<input type="text"/>			
* Telephone Number:	<input type="text" value="312-269-7919"/>	Fax Number:	<input type="text"/>
* Email:	<input type="text" value="kellyb@chicagoelections.net"/>		

Application for Federal Assistance SF-424

* 9. Type of Applicant 1: Select Applicant Type:

C: City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

* 12. Funding Opportunity Number:

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

* 15. Descriptive Title of Applicant's Project:

Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="375,300.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="375,300.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances*** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

Key Contacts Form

* Applicant Organization Name:

Chicago Board of Election Commissioners

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Administrator

Prefix: Miss

* First Name: Kelly

Middle Name:

* Last Name: Bateman

Suffix:

Title: Assistant Executive Director

Organizational Affiliation:

Board of Election Commissioners for the City of Chicago

* Street1: 69 W Washington St

Street2: Suite 800

* City: Chicago

County: Cook

* State: IL: Illinois

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 60602

* Telephone Number: 312-269-7919

Fax: 312-269-0664

* Email: kel_yb@chicagoelections.net

Delete Entry

Previous Person

Next Person

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters	12.217	\$ []	\$ []	\$ 375,300.00	\$ []
2. []	[]	[]	[]	[]	[]
3. []	[]	[]	[]	[]	[]
4. []	[]	[]	[]	[]	[]
5. Totals		\$ []	\$ []	\$ 375,300.00	\$ []

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel	3,800.00			
d. Equipment				
e. Supplies	500.00			
f. Contractual	371,000.00			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	375,300.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 375,300.00	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text" value="375,300.00"/>	\$ <input type="text" value="187,650.00"/>	\$ <input type="text" value="93,825.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="375,300.00"/>	\$ <input type="text" value="187,650.00"/>	\$ <input type="text" value="93,825.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b) First	(c) Second	(d) Thi
16. Election Administration Fee	\$ <input type="text" value="13,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="13,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB
0348-0046

Review Public Burden Disclosure Statement

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> SubAwardee * Name: <input style="width: 100%;" type="text"/> * Street 1: <input style="width: 45%;" type="text"/> Street 2: <input style="width: 45%;" type="text"/> * City: <input style="width: 30%;" type="text"/> State: <input style="width: 30%;" type="text"/> Zip: <input style="width: 20%;" type="text"/> Congressional District, if known: <input style="width: 40%;" type="text"/>		
5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime: <div style="border: 1px solid black; height: 100px;"></div>		
6. * Federal Department/Agency: <input style="width: 100%;" type="text"/>	7. * Federal Program Name/Description: <input style="width: 100%;" type="text"/> Electronic Absentee Systems for Elections CFDA Number, if applicable: <input style="width: 20%;" type="text"/> 12.217	
8. Federal Action Number, if known: <input style="width: 100%;" type="text"/>	9. Award Amount, if known: \$ <input style="width: 60%;" type="text"/>	
10. a. Name and Address of Lobbying Registrant: Prefix: <input style="width: 15%;" type="text"/> * First Name: <input style="width: 30%;" type="text"/> Middle Name: <input style="width: 30%;" type="text"/> * Last Name: <input style="width: 40%;" type="text"/> Suffix: <input style="width: 20%;" type="text"/> * Street 1: <input style="width: 45%;" type="text"/> Street 2: <input style="width: 45%;" type="text"/> * City: <input style="width: 30%;" type="text"/> State: <input style="width: 30%;" type="text"/> Zip: <input style="width: 20%;" type="text"/>		
b. Individual Performing Services (including address if different from No. 10a) Prefix: <input style="width: 15%;" type="text"/> * First Name: <input style="width: 30%;" type="text"/> Middle Name: <input style="width: 30%;" type="text"/> * Last Name: <input style="width: 40%;" type="text"/> Suffix: <input style="width: 20%;" type="text"/> * Street 1: <input style="width: 45%;" type="text"/> Street 2: <input style="width: 45%;" type="text"/> * City: <input style="width: 30%;" type="text"/> State: <input style="width: 30%;" type="text"/> Zip: <input style="width: 20%;" type="text"/>		
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.		
* Signature: <input style="width: 100%;" type="text"/> Completed on submission to Grants.gov		
* Name: Prefix: <input style="width: 15%;" type="text"/> * First Name: <input style="width: 30%;" type="text"/> Middle Name: <input style="width: 30%;" type="text"/> * Last Name: <input style="width: 40%;" type="text"/> Suffix: <input style="width: 20%;" type="text"/>		
Title: <input style="width: 100%;" type="text"/>	Telephone No.: <input style="width: 100%;" type="text"/>	Date: <input style="width: 100%;" type="text"/> Completed on submission to Grants.gov
Federal Use Only:		Authorized for Local Reproduction Standard Form - LLL (Rev. 7-87)

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 07/12/2012.

This vendor has chosen to opt out of the CCR Public Search.

DUNS: 053288390

DUNS PLUS4:

CAGE/NCAGE: 6FZH9

Legal Business Name: CHICAGO BOARD OF ELECTION COMMISSIONERS

Doing Business As (DBA): PURCHASING DEPT

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 69 W WASHINGTON STE 800

Physical Street Address 2:

Physical City: CHICAGO

Physical State: IL

Physical Foreign Province:

Physical Zip/Postal Code: 60602-3142

Physical Country: USA

Mailing Name: CHICAGO BOARD OF ELECTION COMMISSIONERS

Mailing Street Address 1: 69 W WASHINGTON STREET STE 800

Mailing Street Address 2:

Mailing City: CHICAGO

Mailing State: IL

Mailing Foreign Province:

Mailing Zip/Postal Code: 60602-3012

Mailing Country: USA

Business Start Date: 11/24/1885

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C8 - City

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: CHICAGO BOARD OF ELECTION
COMMISSIONERS-LANCE
GOUGH

Government Business Alternate POC

Name: CHICAGO BOARD OF ELECTION
COMMISSIONERS-LANCE
GOUGH

Address Line 1: 69 W WASHINGTON STREET
STE 800

Address Line 2:

City: CHICAGO

State: IL

Foreign Province:

Zip/Postal Code: 60602-3012

Country: USA

U.S. Phone: 312-269-7970

Non-U.S. Phone:

Fax: 312-269-0664

Address Line 1: 69 W WASHINGTON STREET
STE 800

Address Line 2:

City: CHICAGO

State: IL

Foreign Province:

Zip/Postal Code: 60602-3012

Country: USA

U.S. Phone: 312-269-7970

Non-U.S. Phone:

Fax: 312-269-0664

Past Performance Primary POC

Name:

Address Line 1:

Address Line 2:

City:

State:

Foreign Province:

Zip/Postal Code:

Country:

U.S. Phone:

Non-U.S. Phone:

Fax:

Past Performance Alternate POC

Name:

Address Line 1:

Address Line 2:

City:

State:

Foreign Province:

Zip/Postal Code:

Country:

U.S. Phone:

Non-U.S. Phone:

Fax:

Electronic Business Primary POC

Name: CHICAGO BOARD OF ELECTION
COMMISSIONERS-LANCE
GOUGH

Address Line 1: 69 W WASHINGTON STREET
STE 800

Address Line 2:

City: CHICAGO

State: IL

Foreign Province:

Zip/Postal Code: 60602-3012

Country: USA

U.S. Phone: 312-269-7970

Non-U.S. Phone:

Fax:

Electronic Business Alternate POC

Name: CHICAGO BOARD OF ELECTION
COMMISSIONERS-LANCE
GOUGH

Address Line 1: 69 W WASHINGTON STREET
STE 800

Address Line 2:

City: CHICAGO

State: IL

Foreign Province:

Zip/Postal Code: 60602-3012

Country: USA

U.S. Phone: 312-269-7970

Non-U.S. Phone:

Fax:



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)**Preapplication Coordination (091):**

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)**Formula and Matching Requirements (101):**

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22304-0001

24 October 2011

Via Email:

kellyb@chicagoelections.net

Ms. Kelly Bateman
Chicago Board of Election Commissioners
69 West Washington Street, Suite 800
Chicago, IL 60602-3012

Dear Ms. Bateman:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is October 28, 2011 at 1:00pm EDT. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. On the SF 424_2_1V2 has no indication of requested funds. Please complete form and resubmit directly to me. This resubmission should not be attempted through grants.gov.
2. Stated in the goals and objectives: "The Chicago Board of Elections is applying for this grant to conduct research on behalf of the 8,000 UOCAVA voters the agency traditionally serves in a Presidential Election", however, your software licensing fees for a total of \$155,000.00 is to support 30,000 UOCAVA voters. Can you please explain this discrepancy?
3. Please explain the function of the 'voter registration database ballot on demand hardware' at a cost of \$30,500 per unit.
4. FVAP would like to increase the period of performance for this grant to extend through 2016. There is a cost of \$6,500 per election cost for Election Administration and Absentee Remaking software. Would it be possible to find cost savings in other



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06/25-01
ALEXANDRIA, VA 22304-0001

- areas of your proposal in order to facilitate the extension of the period of performance?
5. Please elaborate on the use of mobile kiosk and testing. Where do you intend on testing these units? Are the units designed or intended to be used to return marked ballots electronically?
 6. The travel to Washington, DC for reporting does not appear to be a necessary expense. Please explain its utility.
 7. Part II, Section LA.5-Innovation of the BAA specifically states: "Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections." Does any portion of your proposal fund the electronic transmission of marked ballots in an actual election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 372-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Chicago 1523 West Central Road, BLDG 203 Arlington, Heights, IL 60005-2451	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Chicago Board of Election Commissioners 69 W Washington Street, Suite 800 Chicago, IL 60602-3142 POC: Ms. Kelly Bateman (312) 269-7919	4a. AWARD NUMBER H98210-12-1-0012 4b. AWARD DATE 30 December 2011	5a. FACE VALUE \$375,300.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 30 Dec 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Chicago Board of Election Commissioners

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Administrator

Prefix: Ms

* First Name: Kelly

Middle Name:

* Last Name: Bateman

Suffix:

Title: Assistant Executive Director

Organizational Affiliation:

Board of Election Commissioners for the City of Chicago

* Street1: 69 W Washington St

Street2: Suite 800

* City: Chicago

County: Cook

* State: IL: Illinois

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 60602

* Telephone Number: 312-269-7919

Fax: 312-269-0664

* Email: kellyb@chicagoelections.net

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="69 West Washington Street"/>
Street2:	<input type="text" value="Suite 800"/>
* City:	<input type="text" value="Chicago"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="IL: Illinois"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="60602-3012"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Kelly"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Bateman"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="312-269-7919"/>	Fax Number: <input type="text"/>
--	---

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

C: City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="377,900.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="377,900.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters	12.217	\$	\$	\$	\$
2.					
3.					
4.					
5. Totals		\$	\$	\$	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Developing Universally Accessible, Secure and Sustainable Balloting Solutions for Chicago's UOCAVA Voters			
a. Personnel	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
b. Fringe Benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Travel	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Equipment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Contractual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
g. Construction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
h. Other	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
i. Total Direct Charges (sum of 6a-6h)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
j. Indirect Charges	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
k. TOTALS (sum of 6i and 6j)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
7. Program Income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)		\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

30 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0012

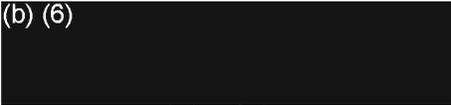
1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0012.

(NAME)

(SIGNATURE)

(DATE)

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0012 with Chicago Board of Election Commissioners

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0005-000 (dated 08 November 2011) was received in the amount of **\$377,900.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 04 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 30 December 2011, pending acceptance of the terms and conditions by the Recipient. The effective date of award was changed to 30 December 2011, after the Recipient agreed to the Data Point Collection Report Requirements and submission of all required supplemental documentation on 23 December 2011.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a Reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 29 November 2011, the Recipient accepted the Data Point Collection Report Requirements. During the period of 30 November through 23 December 2011, the Recipient has submitted all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. Although the Recipient submitted a budget proposal, it failed to use the SF 424A form as required under the BAA. The amounts proposed for Object Class Categories, as accepted by the Government, for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ 3,800.00	\$ -	\$ 3,800.00
Equipment	\$ -	\$ -	\$ -
Supplies	\$ 500.00	\$ -	\$ 500.00
Contractual	\$ 371,000.00	\$ -	\$ 371,000.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 375,300.00	\$ -	\$ 375,300.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 375,300.00	\$ -	\$ 375,300.00
Program Income	\$ -	\$ -	\$ -

Revised and Accepted Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OMB CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ 3,800.00	1.01%
Equipment	\$ -	0.00%
Supplies	\$ 500.00	0.13%
Contractual	\$ 371,000.00	98.85%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 375,300.00	
Indirect Charges	\$ -	
TOTAL YEAR 1	\$ 375,300.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Chicago will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 12 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0012** with the Chicago Board of election Commissioners in the amount of **\$375,300.00** be approved in its final form.

DATE: **23 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 06/27/2012.

DUNS: 611498887

DUNS PLUS4:

CAGE/NCAGE: 6FJB3

Legal Business Name: DISTRICT OF COLUMBIA, GOVERNMENT OF
Doing Business As (DBA): BOARD OF ELECTIONS AND ETHICS

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 441 4TH STREET, NW, SUITE 250N

Physical Street Address 2:

Physical City: WASHINGTON

Physical State: DC

Physical Foreign Province:

Physical Zip/Postal Code: 20001-2714

Physical Country: USA

Mailing Name: DC BOARD OF ELECTIONS & ETHICS

Mailing Street Address 1: 441 4TH STREET, N.W., SUITE 250 NORTH

Mailing Street Address 2:

Mailing City: WASHINGTON

Mailing State: DC

Mailing Foreign Province:

Mailing Zip/Postal Code: 20001-2714

Mailing Country: USA

Business Start Date: 01/01/1974

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: SYLVIAGOLDSBERRY-ADAMS

Address Line 1: DC BOARD OF ELECTIONS & ETHICS

Address Line 2: 441 4TH ST NW SUITE 250 NORTH

Government Business Alternate POC

Name: PAUL STENBJORN

Address Line 1: DC BOARD OF ELECTIONS & ETHICS

Address Line 2: 441 4TH ST NW SUITE 250 NORTH

City: WASHINGTON
State: DC
Foreign Province:
Zip/Postal Code: 20001-2714
Country: USA
U.S. Phone: 202-727-2090
Non-U.S. Phone:
Fax: 202-724-2003

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: SYLVIA GOLDSBERRY-ADAMS
Address Line 1: DC BOARD OF ELECTIONS &
ETHICS
Address Line 2: 441 4TH ST. NW SUITE 250
NORTH
City: WASHINGTON
State: DC
Foreign Province:
Zip/Postal Code: 20001-2714
Country: USA
U.S. Phone: 202-727-2090
Non-U.S. Phone:
Fax: 202-724-2003

City: WASHINGTON
State: DC
Foreign Province:
Zip/Postal Code: 20001-2714
Country: USA
U.S. Phone: 202-727-1911
Non-U.S. Phone:
Fax: 202-347-2648

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: PAUL STENBJORN
Address Line 1: DC BOARD OF ELECTIONS &
ETHICS
Address Line 2: 441 4TH ST NW SUITE 250
NORTH
City: WASHINGTON
State: DC
Foreign Province:
Zip/Postal Code: 20001-2714
Country: USA
U.S. Phone: 202-727-2090
Non-U.S. Phone:
Fax: 202-724-2003



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

18 October 2011

Via Email:
pstenbjorn@dcboee.org

Mr. Paul Stenbjorn
Director of Information Services
District of Columbia Board of Elections and Ethics
441 4th Street NW Suite 250N
Washington, DC 20001-2745

Dear Mr. Stenbjorn:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 1, 2011 at 1:00pm EDT. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. On the SF 424_2_1V2 states that the requested amount for this grant is \$99,258.00. The budget summary indicates that the total amount of federal funds requested is \$96,898.00. Cost sharing is not a requirement of this grant program. Please revise the SF 424A as well as the budget proposal to remove these costs and resubmit the form directly to me. This resubmission should not be attempted through grants.gov.
2. There are several instances in which there is reference to how the proposed project will enable the voter to return ballots via email, Part II, Section I.A.5-Innovation of the BAA specifically states:
3. "Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the

security and reliability of online voted ballot transmission systems in environments other than actual elections.” Does any portion of your proposal fund the electronic transmission of marked ballots in an actual election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

Robert J. Lavelle
Grants Officer



DISTRICT OF COLUMBIA
BOARD OF ELECTIONS AND ETHICS
WASHINGTON, D.C. 20001-2745

December 15, 2011

Mr. Bob Carey
Director of Federal Voting Assistance Program
Department of Defense
Rosslyn Plaza
1777 North Kent Street
14th Floor, Suite 14003
Arlington, Virginia 22209-2162

Re: Use of FVAP EASE Grant Funds

Dear Mr. Carey

This letter is written in response to inquiries from your office regarding the District's proposed use of FVAP Grant funds. As discussed with Mr. Paddy McGulre and Robin Burgess in your office, the DC Board of Elections and Ethics intends to develop and deploy an online FPCA form for overseas and military voters to request absentee ballots and perform voter registration functions permitted by law. These funds will not be used for any process that permits voters to transmit marked ballots electronically in an actual election.

If you have any additional questions or concerns, please feel free to contact me at 202-727-6511 or at the address listed below.

Sincerely,

(b) (6)



Clifford D. Tatum
Executive Director

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Baltimore 217 East Redwood Street, Suite 1800 Baltimore, MD 21202-3375	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Government of the District of Columbia 441 4 th Street NW, Suite 250N Washington, DC 20001-2714 POC: Mr. Clifford Tatum (202) 727-6511	4a. AWARD NUMBER H98210-12-1-0025	5a. FACE VALUE \$96,898.00
	4b. AWARD DATE 06 January 2012	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358, a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6) <div style="background-color: black; width: 100%; height: 40px; margin-top: 5px;"></div>	15. DATE SIGNED 4 JANUARY 2012
--	--	--

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Opportunity Title:	Federal Voting Assistance Program
Offering Agency:	Department of Defense
CFDA Number:	12.217
CFDA Description:	Electronic Absentee Systems for Elections
Opportunity Number:	H98210-BAA-11-0001
Competition ID:	
Opportunity Open Date:	06/17/2011
Opportunity Close Date:	07/11/2011
Agency Contact:	Robert Lavelle Grants Officer E-mail: bob.lavelle@osd.pentagon.mil Phone: 703 696-8785

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

* Application Filing Name:

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Application for Federal Assistance (SF-424)
Budget Information for Non-Construction Programs
Key Contacts

Optional Documents

Disclosure of Lobbying Activities (SF-LLL)

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Instructions

- 

Enter a name for the application in the Application Filing Name field.

 - This application can be completed in its entirety online; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
- 

Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.

 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- 

Click the "Save & Submit" button to submit your application to Grants.gov.

 - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/11/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="441 4th Street NW Suite 250N"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Washington"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="DC: District of Columbia"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="20001-2745"/>

e. Organizational Unit:

Department Name: <input type="text" value="N/A"/>	Division Name: <input type="text" value="N/A"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Cliff"/>
Middle Name: <input type="text" value="D"/>	
* Last Name: <input type="text" value="Tatum"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="202-727-6511"/>	Fax Number: <input type="text"/>
---	----------------------------------

* Email:

Application for Federal Assistance SF-424

* 9. Type of Applicant 1: Select Applicant Type:

D: Special District Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

* 12. Funding Opportunity Number:

B98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

areasaffected.docx



* 15. Descriptive Title of Applicant's Project:

Improving UOCAVA Voter Experience through Socially Networked Software

Attach supporting documents as specified in agency instructions.



Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.



17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="96,898.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="96,898.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach



21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

* Applicant Organization Name:

District of Columbia Board of Elections and Ethics

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix: Mr.

* First Name: Cliff

Middle Name: D

* Last Name: Tatum

Suffix:

Title: Executive Director

Organizational Affiliation:

District of Columbia Board of Elections and Ethics

* Street1: 441 4th Street NW

Street2:

* City: Washington

County:

* State: DC: District of Columbia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 20001

* Telephone Number: 202-727-6511

Fax:

* Email: ctatum@dcboee.org



BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. EVAP EASE	12.217	\$ 96,898.00	\$ 2,360.00	\$	\$	\$ 99,258.00
2.						
3.						
4.						
5. Totals		\$ 96,898.00	\$ 2,360.00	\$	\$	\$ 99,258.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	FYAP EASE				
a. Personnel	\$ 20,765.00	\$	\$	\$	\$ 20,765.00
b. Fringe Benefits	4,153.00				4,153.00
c. Travel	12,000.00				12,000.00
d. Equipment	7,080.00				7,080.00
e. Supplies	0.00				
f. Contractual	52,900.00				52,900.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	96,898.00				\$ 96,898.00
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$ 96,898.00	\$	\$	\$	\$ 96,898.00
7. Program Income	\$	\$	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A -102) Page 1A

SECTION C - NON-FEDERAL RESOURCES				
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8. FVAP EASE	\$ 2,360.00	\$	\$	\$ 2,360.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$ 2,360.00	\$	\$	\$ 2,360.00

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 77,558.00	\$ 32,288.00	\$ 18,350.00	\$ 11,610.00	\$ 15,310.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 77,558.00	\$ 32,288.00	\$ 18,350.00	\$ 11,610.00	\$ 15,310.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b)First	(c) Second	(d) Third	(e) Fourth
16. FVAP EASE	\$ 77,558.00	\$ 19,340.00	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$ 77,558.00	\$ 19,340.00	\$	\$

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

Key Contacts Form

* Applicant Organization Name:

District of Columbia Board of Elections and Ethics

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Technical Project Manager

Prefix: Mr.

* First Name: Paul

Middle Name:

* Last Name: Stenbjorn

Suffix:

Title: Director Information Services

Organizational Affiliation:

District of Columbia Board of Elections and Ethics

* Street1: 441 4th Street NW

Street2:

* City: Washington

County:

* State: DC: District of Columbia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 20001

* Telephone Number: 202-727-1911

Fax:

* Email: pstenbjorn@dcbbee.org

Key Contacts Form

* Applicant Organization Name:

District of Columbia Board of Elections and Ethics

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Administrative Contact

Prefix: Mr.

* First Name: Rokey

Middle Name:

* Last Name: Suleman

Suffix:

Title: Executive Director

Organizational Affiliation:

District of Columbia Board of Elections and Ethics

* Street1: 441 4th St NW, Suite 250N

Street2:

* City: Washington

County:

* State: DC: District of Columbia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 20001-2745

* Telephone Number: 202-727-2525

Fax:

* Email: rsuleman@dcboee.org

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/11/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="441 4th Street NW Suite 250N"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Washington"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="DC: District of Columbia"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="20001-2745"/>

e. Organizational Unit:

Department Name: <input type="text" value="N/A"/>	Division Name: <input type="text" value="N/A"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Paul"/>
Middle Name: <input type="text" value="E"/>	
* Last Name: <input type="text" value="Stenbjorn"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="202-727-1911"/>	Fax Number: <input type="text"/>
--	---

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

D: Special District Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

areasaffected.docx

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Improving UOCAVA Voter Experience through Socially Networked Software

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="96,898.00"/>
* b. Applicant	<input type="text" value="2,360.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="99,258.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. FVAP EASE	12.217	\$ 96,898.00	\$ 2,360.00		
2.					
3.					
4.					
5. Totals		\$ 96,898.00	\$ 2,360.00		

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	FVAP EASE			
a. Personnel	\$ 20,765.00	\$	\$	\$
b. Fringe Benefits	4,153.00			
c. Travel	12,000.00			
d. Equipment	7,080.00			
e. Supplies	0.00			
f. Contractual	52,900.00			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	96,898.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 96,898.00	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	FVAP EASE	\$ 2,360.00	\$	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)		\$ 2,360.00	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ 77,558.00	\$ 32,288.00	\$ 18,350.00	\$
14. Non-Federal				
15. TOTAL (sum of lines 13 and 14)	\$ 77,558.00	\$ 32,288.00	\$ 18,350.00	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (Y		
		(b)First	(c) Second	(d) Thi
16.	FVAP EASE	\$ 77,558.00	\$ 19,340.00	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)		\$ 77,558.00	\$ 19,340.00	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
23. Remarks:			

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

06 January 2012

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0025

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

4 JAN 2002

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0025.

(NAME)

(SIGNATURE)

(DATE)

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0025 with the Government of the District of Columbia

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1306-0002-000 (dated 08 November 2011) was received in the amount of **\$96,898.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 01 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date changed to 06 January 2012, due to delays in agreement of the Parties to the Data Point Collection Reporting Requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 04 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions. The Parties agreed to the Data Point Collection Report Requirements on 29 November 2011. The Recipient submitted its clarification of the use of Federal Funds for electronic submission of ballots, on 13 December 2011.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 20,765.00	\$ -	\$ 20,765.00
Fringe Benefits	\$ 4,153.00	\$ -	\$ 4,153.00
Travel	\$ 12,000.00	\$ -	\$ 12,000.00
Equipment	\$ 7,080.00	\$ -	\$ 7,080.00
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 52,900.00	\$ -	\$ 52,900.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 96,898.00	\$ -	\$ 96,898.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 96,898.00	\$ -	\$ 96,898.00
Program Income	\$ -	\$ -	\$ -

Revised Accepted Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS/CATEGORY	BASE	PERCENTAGE
Personnel	\$ 20,765.00	21.43%
Fringe Benefits	\$ 4,153.00	4.29%
Travel	\$ 12,000.00	12.38%
Equipment	\$ 7,080.00	7.31%
Supplies	\$ -	0.00%
Contractual	\$ 52,900.00	54.59%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 96,898.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 96,898.00	

The Recipient's initial Application/Budget submission was in the total amount of \$99,258.00, which included a cost share of \$2,360.00 for additional Verizon iPad2. However, the terms and conditions of the BAA prohibited the use of "cost sharing". The Recipient's revised budget (as accepted) decreased the total budget to \$96,898.00 (less the cost of the additional iPads).

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Baltimore will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 02 June 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0025** with the Government of the District of Columbia in the amount of **\$96,898.00** be approved in its final form.

DATE: **28 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer

COUNTY OF EL DORADO

RECORDER CLERK - REGISTRAR OF VOTERS - VETERANS AFFAIRS

William E. Schultz



Recorder-Clerk
Commissioner of Civil Marriages
360 Fair Lane
Placerville CA 95667
www.edcgov.us/countyclerk/
Phone: 530.621.5490
Jane Kohlstedt
Assistant Recorder-Clerk

Registrar of Voters
2850 Fairlane Court
PO Box 678001
Placerville CA 95667
www.edcgov.us/elections/
Phone: 530.621.7480 Fax: 530.626.5514
Barbara Dunmore
Assistant Registrar of Voters

Veterans Affairs Office
130 Placerville Drive,
Placerville CA 95667
www.edcgov.us/veterans/
Phone: 530.621.5893
William E. Schultz
Veterans Affairs Interim Dept. Head
Ed Swanson
Veterans Service Officer

October 7, 2011

Mr. Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300

Dear Mr. Lavelle:

This letter is in response to additional information requested by you during our conference call on September 26, 2011 with regard to the California consortium, Cal E-Promise, grant proposal application. El Dorado County is the lead county of the consortium and the appropriate entity to provide this response.

Sole Source Procurement

The County's Procurement Ordinance No. 4703 (forwarded to you under separate cover on 09/27/2011) exempts the purchase of election materials and services from the provisions of the Ordinance pursuant to California Elections Code §13001; and the County's Procurement Policy C-17 (forwarded to you under separate cover on 09/27/2011) exempts procurement of elections materials from competitive bidding and further states "No provision of the Procurement Policy and Procedure Manual shall be interpreted as directing that the purchase of elections materials, commodities and services must be processed through the office of the Purchasing Agent."

In addition to the above exemption, the County's Procurement Policy permits sole source procurement when "competitive bidding would produce no economic benefit to the county." No economic benefit would be gained by the county, or the 13 consortium counties, by embarking on a competitive bid process that could not be completed in the short time frame (initially 35 days) to respond the grant opportunity. A comparison of estimates received by Okaloosa County, Florida on behalf of the Florida counties' coalition was performed (discussed below). It was determined that the best interest of the counties, given the specifics of the grant requirements, was to define the exact system the grant would fund in our proposal.

Vendor Selection

The consortium desired a system that is or has the potential to evolve into a "one stop" shop for serving UOCAVA voters. Democracy Live (the consortium's selected vendor) is unique in that it is the only system to deploy a comprehensive electronic voter package consisting of the State voter information guide, local voter information pamphlet, voting instructions and inserts, and the voter's specific ballot. Additionally, given the political climate and sensitive nature of electronic balloting and "online voting" in California, the consortium determined that selecting a firm that is NOT an online voting company provided the best opportunity for a successful implementation with the least resistance from certain interest groups.

Fixed Price Contract

The contract with Democracy Live is a firm fixed price contract based on the number of registered voters in each county at the time of the grant proposal. This amount will not increase when voter rolls surge prior to the presidential election cycle or as requests for electronic delivery of balloting materials grow due to our outreach efforts and success of serving overseas voters. A key value of the contract with Democracy Live is that the post-grant cost structure that will allow counties to sustain the program. After 2016, counties will be charged only \$1 for each downloaded ballot.

Cost Comparisons

As noted above, the Elections Department is exempt from the County's procurement process for the purchase of election materials and services. However, in an effort to ensure Democracy Live's quote is comparable and within range of vendors offering similar systems, Okaloosa County, Florida shared with El Dorado County price estimates and quotes they received from three different vendors on behalf of Florida's coalition. Democracy Live's costs are within range of the other vendor's estimates (ranking in the middle). However, the determining factor in Democracy Live's selection is the sustainability of the system after the grant period. A \$1 per ballot download charge after 2016 ensures that Cal E-Promise counties will be able to continue offering a comprehensive web-based suite of services to UOCAVA voters making access to the voting process easier and simpler.

We stand ready to provide any further information you may require and look forward to hearing from you in the near future.

Sincerely,

(b) (6)



William E. Schultz
Clerk-Recorder-Registrar of Voters

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active In CCR; Registration valid until 04/25/2012.

DUNS: 842265527

DUNS PLUS4:

CAGE/NCAGE: 4SAX4

Legal Business Name: EL DORADO, COUNTY OF

Doing Business As (DBA): DEPARTMENT OF TRANSPORTATION

Division Name: WEST SLOPE

Division Number:

Company URL:

Physical Street Address 1: 2850 FAIRLANE CT

Physical Street Address 2:

Physical City: PLACERVILLE

Physical State: CA

Physical Foreign Province:

Physical Zip/Postal Code: 95667-4100

Physical Country: USA

Mailing Name: EL DORADO COUNTY DEPARTMENT OF TRANSPORTATION

Mailing Street Address 1: 2850 FAIRLANE COURT

Mailing Street Address 2:

Mailing City: PLACERVILLE

Mailing State: CA

Mailing Foreign Province:

Mailing Zip/Postal Code: 95667-4100

Mailing Country: USA

Business Start Date: 01/01/1948

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

VW - Contracts and Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

- 237310 - Highway, Street, and Bridge Construction
- 237990 - Other Heavy and Civil Engineering Construction
- 541330 - Engineering Services

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
237310	Highway, Street, and Bridge Construction	No	No
237990	Other Heavy and Civil Engineering Construction	No	No
541330	Engineering Services	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Government Business Alternate POC

Name: RUTH YOUNG**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5934**Non-U.S. Phone:****Fax:** 530-295-1632**Past Performance Primary POC****Name:** RUTH YOUNG**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5934**Non-U.S. Phone:****Fax:** 530-295-1632**Electronic Business Primary POC****Name:** RUTH YOUNG**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5934**Non-U.S. Phone:****Fax:** 530-295-1632**Name:** LAURA FRIESTAD**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5923**Non-U.S. Phone:****Fax:** 530-295-1632**Past Performance Alternate POC****Name:** LAURA FRIESTAD**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5923**Non-U.S. Phone:****Fax:** 530-295-1632**Electronic Business Alternate POC****Name:** LAURA FRIESTAD**Address Line 1:** 2850 FAIRLANE COURT**Address Line 2:****City:** PLACERVILLE**State:** CA**Foreign Province:****Zip/Postal Code:** 95667-4100**Country:** USA**U.S. Phone:** 530-621-5934**Non-U.S. Phone:****Fax:** 530-295-1632



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)**Preapplication Coordination (091):**

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)**Formula and Matching Requirements (101):**

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Lathrop 700 East Roth Road, Bldg 330 French Camp, CA 95231-0232	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of el Dorado 2850 Fair Lane Court Placerville, CA 95667-4100 POC: Ms. Barbara Dunmore (530) 621-7483	4a. AWARD NUMBER H98210-12-1-0001	5a. FACE VALUE \$1,831,665.00
	4b. AWARD DATE 31 October 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
6. INSTRUMENT TYPE Grant		7. COMPLETION DATE 30 October 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6) <div style="background-color: black; width: 100%; height: 30px; margin-top: 5px;"></div>	15. DATE SIGNED 31 OCT 2011
--	--	---

16. PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

Barbara.dunmore@edcgov.us

Ms. Barbara Dunmore
County of El Dorado Elections Department
2850 Fair Lane Court
Placerville, 95667-8001

Dear Ms. Dunmore:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 26 September 2011. The scheduled time to commence is at 2:00 PM (EST). The conference call number (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Please provide a more detailed plan of action for how this outreach will be implemented.
2. In the Budget Proposal you outline licensing subcontracts and sub-awards. How do they correspond to the research outlined in the technical proposal?
3. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections."

Please clarify whether the electronic return of ballots via secure email research mentioned in the Technical Proposal will be used in an actual election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

Key Contacts Form

* Applicant Organization Name:

County of El Dorado, State of California

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Coordinator

Prefix:

* First Name: Barbara

Middle Name:

* Last Name: Dunmore

Suffix:

Title: Assistant Registrar of Voters

Organizational Affiliation:

County of El Dorado Elections Department

* Street1: 2850 Fair Lane Court

Street2:

* City: Placerville

County:

El Dorado

* State:

CA: California

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code: 95667-8001

* Telephone Number: (530) 621-7483

Fax:

(530) 626-5514

* Email: barbara.dunmore@edocgov.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="2850 Fair Lane Court"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Placerville"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="CA: California"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="95667-8001"/>

e. Organizational Unit:

Department Name: <input type="text" value="Elections Department"/>	Division Name: <input type="text" value="Elections"/>
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="William"/>
Middle Name: <input type="text" value="E."/>	
* Last Name: <input type="text" value="Schultz"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="(530) 621-7480"/>	Fax Number: <input type="text" value="530-626-5514"/>
---	---

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Cal E Promise Affected Counties and Cities.

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Comprehensive, Automated UOCAVA Voter Services and eBalloting System

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,831,665.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,831,665.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Electronic Absentee System for Elections	12.217	\$ 0.00	\$ 0.00	\$ 1,831,665.00	\$
2. 					
3. 					
4. 					
5. Totals		\$ 	\$ 	\$ 1,831,665.00	\$

Pre:

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee System for Elections			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment	27,000.00			
e. Supplies				
f. Contractual	1,685,000.00			
g. Construction				
h. Other	83,750.00			
i. Total Direct Charges (sum of 6a-6h)	1,795,750.00			
j. Indirect Charges	35,915.00			
k. TOTALS (sum of 6i and 6j)	\$ 1,831,665.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Source
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter
13. Federal	\$ <input type="text" value="1,831,665.00"/>	\$ <input type="text" value="1,831,665.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="1,831,665.00"/>	\$ <input type="text" value="1,831,665.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y)		
	(b) First	(c) Second	(d) Third
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text" value="2% applied to \$1,795,750 for"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa , FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0001 with the County of El Dorado (California)

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the County of El Dorado (California) is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0003-000 (dated 21 October 2011) was received in the amount of **\$1,831,665.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 24 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B- BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ 27,000.00	\$ -	\$ 27,000.00
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 1,685,000.00	\$ -	\$ 1,685,000.00
Construction	\$ -	\$ -	\$ -
Other	\$ 83,750.00	\$ -	\$ 83,750.00
Total Direct Charges	\$ 1,795,750.00	\$ -	\$ 1,795,750.00
Indirect Charges	\$ 35,915.00	\$ -	\$ 35,915.00
TOTALS	\$ 1,831,665.00	\$ -	\$ 1,831,665.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ 27,000.00	75.18%
Supplies	\$ -	0.00%
Contractual	\$ 1,685,000.00	91.99%
Construction	\$ -	0.00%
Other	\$ 83,750.00	4.66%
Total Direct Charges	\$ 1,795,750.00	
Indirect Charges	\$ 35,915.00	
TOTAL	\$ 1,831,665.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has proposed indirect rates in accordance with its financial standards, and is acceptable. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Lathrop will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 25 April 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that **H98210-12-1-0001** with the County of El Dorado (California) in the amount of **\$1,831,665.00** be approved in its final form.

DATE: **31 October 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0001

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT S. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0001.

(NAME)

(SIGNATURE)

(DATE)

Federal Voting Assistance Program
 Electronic Absentee Systems for Elections
 CFDA Number: 12.217
 Opportunity Number: H98210-VAA-11-0001
 Cal E-Promise California Consortium of Counties

Form SF-424
 Item 14

AREAS AFFECTED BY PROJECT

Below is a list of the 13 counties participating in the consortium and the 114 incorporated cities affected by the project. The 13 counties have over 3 million registered voters, collectively, as of November 2010.

COUNTY	VOTER REGISTRATION	INCORPORATED CITIES
BUTTE	117,419	Biggs, Chico, Gridley, Oroville, Paradise
CONTRA COSTA	510,737	Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburgh, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek
EL DORADO	106,031	Placerville, South Lake Tahoe
FRESNO	391,607	Clovis, Coalinga, Firebaugh, Fowler, Fresno, Huron, Kerman, Kingsburg, Mendota, Orange Cove, Parlier, Reedley, San Joaquin, Sanger, Selma
LASSEN	13,911	Susanville
MARIN	147,022	Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, Tiburon
NEVADA	60,111	Grass Valley, Nevada City, Truckee
SACRAMENTO	675,298	Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova
SAN JOAQUIN	270,117	Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, Tracy
SAN LUIS OBISPO	156,784	Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, San Luis Obispo
SAN MATEO	342,230	Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Milbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, Woodside
SANTA BARBARA	194,219	Buelton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, Solvang
SOLANO	196,776	Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville Vallejo
TOTAL	3,182,262	

Federal Voting Assistance Program
 Electronic Absentee Systems for Elections
 CFDA Number: 12.217
 Opportunity Number: H98210-VAA-11-0001
 Cal E-Promise California Consortium of Counties

Form SF-424
 Item 14

AREAS AFFECTED BY PROJECT

Below is a list of the 13 counties participating in the consortium and the 114 incorporated cities affected by the project. The 13 counties have over 3 million registered voters, collectively, as of November 2010.

COUNTY	VOTER REGISTRATION	INCORPORATED CITIES
BUTTE	117,419	Biggs, Chico, Gridley, Oroville, Paradise
CONTRA COSTA	510,737	Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburgh, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek
EL DORADO	106,031	Placerville, South Lake Tahoe
FRESNO	391,607	Clovis, Coalinga, Firebaugh, Fowler, Fresno, Huron, Kerman, Kingsburg, Mendota, Orange Cove, Parlier, Reedley, San Joaquin, Sanger, Selma
LASSEN	13,911	Susanville
MARIN	147,022	Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, Tiburon
NEVADA	60,111	Grass Valley, Nevada City, Truckee
SACRAMENTO	675,298	Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova
SAN JOAQUIN	270,117	Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, Tracy
SAN LUIS OBISPO	156,784	Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, San Luis Obispo
SAN MATEO	342,230	Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Milbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, Woodside
SANTA BARBARA	194,219	Buelton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, Solvang
SOLANO	196,776	Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville Vallejo
TOTAL	3,182,262	



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 02/06/2013.

DUNS: 072206378

DUNS PLUS4:

CAGE/NCAGE: 3V1K4

Legal Business Name: HARRIS, COUNTY OF

Doing Business As (DBA): ADMINISTRATIVE OFFICES

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 201 CAROLINE ST STE 460

Physical Street Address 2:

Physical City: HOUSTON

Physical State: TX

Physical Foreign Province:

Physical Zip/Postal Code: 77002-1901

Physical Country: USA

Mailing Name: HARRIS COUNTY AUDITOR'S OFFICE

Mailing Street Address 1: 1001 PRESTON ST STE 800

Mailing Street Address 2: FINANCIAL DEPARTMENT

Mailing City: HOUSTON

Mailing State: TX

Mailing Foreign Province:

Mailing Zip/Postal Code: 77002-2027

Mailing Country: USA

Business Start Date: 03/01/1800

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

VW - Contracts and Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

- 624190 - Other Individual and Family Services
- 921110 - Executive Offices
- 922110 - Courts
- 922120 - Police Protection
- 922130 - Legal Counsel and Prosecution
- 922150 - Parole Offices and Probation Offices
- 923120 - Administration of Public Health Programs
- 924110 - Administration of Air and Water Resource and Solid Waste Management Programs
- 925110 - Administration of Housing Programs
- 925120 - Administration of Urban Planning and Community and Rural Development
- 928110 - National Security

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
-------------------	--------------------	-----------------------	--------------------------------

624190	Other Individual and Family Services	No	No
921110	Executive Offices	No	No
922110	Courts	No	No
922120	Police Protection	No	No
922130	Legal Counsel and Prosecution	No	No
922150	Parole Offices and Probation Offices	No	No
923120	Administration of Public Health Programs	No	No
924110	Administration of Air and Water Resource and Solid Waste Management Programs	No	No
925110	Administration of Housing Programs	No	No
925120	Administration of Urban Planning and Community and Rural Development	No	No
928110	National Security	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: IAN GORMAN
Address Line 1: 1310 PRAIRIE, 5TH FLOOR
Address Line 2:
City: HOUSTON
State: TX
Foreign Province:
Zip/Postal Code: 77002
Country: USA
U.S. Phone: 713-755-6704
Non-U.S. Phone:
Fax: 713-755-4835

Government Business Alternate POC

Name: ERIC CADOW
Address Line 1: 1310 PRAIRIE, 5TH FLOOR
Address Line 2:
City: HOUSTON
State: TX
Foreign Province:
Zip/Postal Code: 77002
Country: USA
U.S. Phone: 713-755-4117
Non-U.S. Phone:
Fax: 713-755-4835

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: IAN GORMAN
Address Line 1: 1310 PRAIRIE, 5TH FLOOR
Address Line 2:
City: HOUSTON

Electronic Business Alternate POC

Name: ERIC CADOW
Address Line 1: 1310 PRAIRIE, 5TH FLOOR
Address Line 2:
City: HOUSTON

State: TX
Foreign Province:
Zip/Postal Code: 77002
Country: USA
U.S. Phone: 713-755-6704
Non-U.S. Phone:
Fax: 713-755-4835

State: TX
Foreign Province:
Zip/Postal Code: 77002
Country: USA
U.S. Phone: 713-755-4117
Non-U.S. Phone:
Fax: 713-755-4835



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Dallas 600 N. Pearl Street, Suite 1630 Dallas, TX 75201-2843	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Harris County 201 Caroline Street, Suite 800 Houston, TX 77002 POC: Ms. Sonya Aston (713) 755-6411	4a. AWARD NUMBER H98210-12-1-0014 4b. AWARD DATE 21 December 2011	5a. FACE VALUE \$516,131.96 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 21 DEC 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Harris County

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Programming

Prefix: Mr.

* First Name: Jason

Middle Name:

* Last Name: Williams

Suffix:

Title: Director of Information Technology

Organizational Affiliation:

* Street1: 301 Caroline, Suite 400

Street2:

* City: Houston

County:

* State: TX: Texas

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 77002

* Telephone Number: 713-615-6434

Fax:

713-755-3598

* Email: jbwilliams@cco.hctx.net

Key Contacts Form

* Applicant Organization Name:

Harris County

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Administrative

Prefix: Ms.

* First Name: Sonya

Middle Name: L

* Last Name: Aston

Suffix:

Title: Assistant Administrator of Elections

Organizational Affiliation:

Harris County Clerk's Office

* Street1: 1001 Preston Street, Suite 400

Street2:

* City: Houston

County: Harris

* State: TX: Texas

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 77002

* Telephone Number: 713-615-5792

Fax: 713-755-2617

* Email: saston@cco.hctx.net

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text" value="Harris County Texas"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="1001 Preston Street, Suite 900"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Houston"/>
County/Parish:	<input type="text" value="Harris"/>
* State:	<input type="text" value="TX: Texas"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="77002-1839"/>

e. Organizational Unit:

Department Name: <input type="text" value="County Clerk"/>	Division Name: <input type="text" value="Elections Division"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Ms."/>	* First Name: <input type="text" value="Sonya"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Aston"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="713-755-5792"/>	Fax Number: <input type="text" value="713-755-2617"/>
--	--

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Harris County EASE Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant 18

b. Program/Project 18

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date: 09/01/2011

* b. End Date: 06/30/2012

18. Estimated Funding (\$):

* a. Federal	516,131.96
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	516,131.96

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr. * First Name: Ed
Middle Name:
* Last Name: Emmett
Suffix:

* Title: County Judge

* Telephone Number: 713-775-7577 Fax Number: 713-437-4117

* Email: cjoqrantnotification@hctx.net

* Signature of Authorized Representative: Ed Emmett * Date Signed: 07/13/2011

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. EASE	[]	\$ []	\$ []	\$ []	\$ []
2.	[]	[]	[]	[]	[]
3.	[]	[]	[]	[]	[]
4.	[]	[]	[]	[]	[]
5. Totals		\$ []	\$ []	\$ []	\$ []

Pre-

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	EASE			
a. Personnel	\$ 0.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	7,257.96			
d. Equipment	138,350.00			
e. Supplies	0.00			
f. Contractual	370,524.00			
g. Construction	0.00			
h. Other	0.00			
i. Total Direct Charges (sum of 6a-6h)	516,131.96			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 516,131.96	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)		\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text" value="516,131.96"/>	\$ <input type="text" value="400,000.00"/>	\$ <input type="text" value="116,131.96"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="516,131.96"/>	\$ <input type="text" value="400,000.00"/>	\$ <input type="text" value="116,131.96"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

21 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0014

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0014.

(NAME)

(SIGNATURE)

(DATE)



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-0001

18 October 2011

Via Email:
saston@cco.hctx.net

Ms. Sonya Aston
County Clerk
Harris County Elections Division
1001 Preston St, Suite 900
Houston, TX 77002-1839

Dear Ms. Aston:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is October 31, 2011 at 1:00 PM (EDT). The conference call number is 703-695-4042 pc: 125496

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Under the Schedule and Milestones portion of the Technical proposal, the project development is to begin September 1, 2011. How will the project be affected by the grant funding is awarded at a later date?
2. In section D Travel of the budget proposal, please explain the purpose of travel for each location as well as the need for three clerks traveling on each trip.
3. The subtotal for sections D. Travel; E. Subcontracts/sub awards; and H. Other Direct Costs equates to \$516,131.96. Can you explain the difference between this figure and the total of requested funding at \$512,131.96?



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-0001

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0014 with Harris County (D/B/A Harris County Clerks Office)

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses; and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP) provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Harris County is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0012-000 (dated 08 November 2011) was received in the amount of **\$512,132.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant. On 12 December 2011, FVAP amendment 001 was received in the amount of \$3,999.96 (to fully fund the grant).

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 07 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 16 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – During the period of 22 November through 12 December 2011, the Recipient submitted all required post discussion documents.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION D - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ 7,257.96	\$ -	\$ 7,257.96
Equipment	\$ 138,350.00	\$ -	\$ 138,350.00
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 370,524.00	\$ -	\$ 370,524.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 516,131.96	\$ -	\$ 516,131.96
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 516,131.96	\$ -	\$ 516,131.96
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ 7,257.96	1.41%
Equipment	\$ 138,350.00	26.81%
Supplies	\$ -	0.00%
Contractual	\$ 370,524.00	71.79%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 516,131.96	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 516,131.96	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Dallas will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Grant, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 28 April 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0014** with Harris County in the amount of **\$516,131.96** be approved in its final form.

DATE: **14 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 06/23/2012.

DUNS: 939864146

DUNS PLUS4:

CAGE/NCAGE: 6F7B6

Legal Business Name: KING, COUNTY OF

Doing Business As (DBA): OFFICE OF ELECTIONS

Division Name:

Division Number:

Company URL: <http://www.KingCounty.gov/Elections>

Physical Street Address 1: 919 SW GRADY WAY, STE 100

Physical Street Address 2:

Physical City: RENTON

Physical State: WA

Physical Foreign Province:

Physical Zip/Postal Code: 98057-2973

Physical Country: USA

Mailing Name: LAIRD HAIL

Mailing Street Address 1: 919 SW GRADY WAY

Mailing Street Address 2:

Mailing City: RENTON

Mailing State: WA

Mailing Foreign Province:

Mailing Zip/Postal Code: 98057-2973

Mailing Country: USA

Business Start Date: 12/22/1852

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

VW - Contracts and Grants

C7 - County

HQ - DoT Certified Disadvantaged Business Enterprise

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: WILLIAM ADAMS

Address Line 1: 919 SW GRADY WAY

Address Line 2:

Government Business Alternate POC

Name: FRANCES DELDUCA

Address Line 1: 919 SW GRADY WAY

Address Line 2:

City: RENTON
State: WA
Foreign Province:
Zip/Postal Code: 98057-2973
Country: USA
U.S. Phone: 206-296-1596
Non-U.S. Phone:
Fax: 206-296-0108

City: RENTON
State: WA
Foreign Province:
Zip/Postal Code: 98057-2973
Country: USA
U.S. Phone: 206-296-1931
Non-U.S. Phone:
Fax: 206-296-0108

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: WILLIAM ADAMS
Address Line 1: 919 SW GRADY WAY
Address Line 2:
City: RENTON
State: WA
Foreign Province:
Zip/Postal Code: 98057-2973
Country: USA
U.S. Phone: 206-296-1596
Non-U.S. Phone:
Fax: 206-296-0108

Electronic Business Alternate POC

Name: LAIRD HAIL
Address Line 1: 919 SW GRADY WAY
Address Line 2:
City: RENTON
State: WA
Foreign Province:
Zip/Postal Code: 98057-2973
Country: USA
U.S. Phone: 206-296-3360
Non-U.S. Phone:
Fax: 206-296-0108



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Seattle 188 106 th Avenue, NE Suite 660 Bellevue, WA 98004-5965		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of King 919 SW Grady Way, Suite 100 Renton, WA 98057-2973 POC: Mr. Laird Hall (206) 296-3360	4a. AWARD NUMBER H98210-12-1-0004	5a. FACE VALUE \$816,400.00	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 31 October 2011	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 October 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 31 OCT 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Opportunity Title:	Federal Voting Assistance Program
Offering Agency:	Department of Defense
CFDA Number:	12.217
CFDA Description:	Electronic Absentee Systems for Elections
Opportunity Number:	H98210-BAA-11-0001
Competition ID:	
Opportunity Open Date:	06/17/2011
Opportunity Close Date:	07/11/2011
Agency Contact:	Robert Lavelle Grants Officer E-mail: bob.lavelle@osd.pentagon.mil Phone: 703 696-8785

The electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

* Application Filing Name:

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Application for Federal Assistance (SF-424)

Key Contacts

Budget Information for Non-Construction Program

Optional Documents

Disclosure of Lobbying Activities (SF-LLL)

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Instructions

- 1** Enter a name for the application in the Application Filing Name field.

 - This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.

- 2** Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.

 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.

- 3** Click the "Save & Submit" button to submit your application to Grants.gov.

 - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424

* 1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

* 2. Type of Application:

- New
- Continuation
- Revision

* If Revision, select appropriate letter(s):

E: Other (specify)

* Other (Specify):

After discussions

* 3. Date Received:

07/08/2011

4. Applicant Identifier:

5a. Federal Entity Identifier:

H98210-BAA-11-0001

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

* a. Legal Name: County of King, Office of Election

* b. Employer/Taxpayer Identification Number (EIN/TIN):

(b) (4)

* c. Organizational DUNS:

(b) (4)

d. Address:

* Street1: 919 SW Grady Way, STE 100

Street2:

* City: Renton

County/Parish:

King

* State:

WA: Washington

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code: 98057-2973

e. Organizational Unit:

Department Name:

Office of Election

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr.

* First Name: Laird

Middle Name:

* Last Name: Hail

Suffix:

Title: Technical Services Manager

Organizational Affiliation:

* Telephone Number: 206.296.3360

Fax Number: 206.296.0108

* Email: Laird.Hail@KingCounty.gov

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

B: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Research project to evaluate ways to improve the ability for UOCAVA voters to receive and return ballots in a timely manner no matter where they are located and in an user friendly manner.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="816,400.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="816,400.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

*** Applicant Organization Name:**

County of King, Office of Election

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Program Manager

Prefix:

Mr.

*** First Name:** Laird

Middle Name:

*** Last Name:** Hail

Suffix:

Title:

Technical Services Manager

Organizational Affiliation:

*** Street1:** 919 SW Grady Way, STE 100

Street2:

*** City:** Renton

County:

King

*** State:**

WA: Washington

Province:

*** Country:**

USA: UNITED STATES

*** Zip / Postal Code:** 98057-2973

*** Telephone Number:** 206.296.3360

Fax:

206.296.0108

*** Email:** Laird.Hail@KingCounty.gov

Delete Entry

Next Person

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. FVAP Electronic Absentee System for Elections (EASE)	12.217	\$	\$	\$ 816,400.00	\$	\$ 816,400.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 816,400.00	\$	\$ 816,400.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	FVAP Electronic Absentee System for Elections (EASE)				
a. Personnel	\$ 54,100.00	\$	\$	\$	\$ 54,100.00
b. Fringe Benefits	13,600.00				13,600.00
c. Travel	9,200.00				9,200.00
d. Equipment	500.00				500.00
e. Supplies	0.00				
f. Contractual	689,000.00				689,000.00
g. Construction	0.00				
h. Other	50,000.00				50,000.00
i. Total Direct Charges (sum of 6a-6h)	816,400.00				\$ 816,400.00
j. Indirect Charges	0.00				\$
k. TOTALS (sum of 6i and 6j)	\$ 816,400.00	\$	\$	\$	\$ 816,400.00
7. Program Income	\$ 0.00	\$	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A-102) Page 1A

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ <input type="text" value="571,000.00"/>	\$ <input type="text" value="200,000.00"/>	\$ <input type="text" value="207,000.00"/>	\$ <input type="text" value="82,000.00"/>	\$ <input type="text" value="82,000.00"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="571,000.00"/>	\$ <input type="text" value="200,000.00"/>	\$ <input type="text" value="207,000.00"/>	\$ <input type="text" value="82,000.00"/>	\$ <input type="text" value="82,000.00"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b)First	(c) Second	(d) Third	(e) Fourth
16. EVAP Electronic Absentee System for Elections (EASE)	\$ <input type="text" value="245,400.00"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="245,400.00"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text" value="Not sure if quarters in Section D were fiscal quarters or grant award quarters. Completed form based on grant award quarters, thus 1st quarter above = Jul - Sep 2011."/>	

Hail, Laird

From: Karen Clakeley [karen.clakeley@everyonecounts.com]
Sent: Friday, 09 September, 2011 16:45
To: Hail, Laird
Subject: Delays with FVAP Decision

Laird:

Due to the delays by FVAP to formalize their grant awards, and based on the high level of quality work completed by King County, Yakima County and Everyone Counts, I want to confirm that we will proceed with our plans to conduct secure and accessible elections for your UOCAVA voters for the November 8, 2011 election which opens on September 24, 2011. We realize that the consortium led by King County may have no formal notice of their grant award. Everyone Counts will seek no form of payment outside the FVAP Grant Award process.

It is our hope that this decision demonstrates our commitment to this team of counties and to our philosophy of building and retaining strong customer relationships.

Should additional information be required related to this decision please do not hesitate to let me know.

Best Regards,
Karen

Karen G. Clakeley
Vice President, Sales
Everyone Counts, Inc.

(b) (6)

A large black rectangular redaction box covers the bottom portion of the email body, obscuring any text that might have been present.

Memorandum of Understanding

Customer Information

Customer: King County Elections

Customer Contact: Laird Hail
Technical Services Manager

Additional Contact: Evelyn Arnold
Superintendent

Ship to Address: 919 SW Grady Way
Renton, WA 98057-2906
Ph: 206-296-3360

Phone: (206) 296-3360
Fax: (206) 296-0108
Email: laird.hail@kingcounty.gov

Other Address:

A/P Contact: Frances DelDuca
Phone: (206) 296-1931
Fax: (206) 296-0108
Email: Frances.DelDuca@KingCounty.gov

Effective Date: August 18, 2011

Everyone Counts Contact Information

(b) (4)

Vice President, Sales: Karen Clakeley

Phone: (858) 997-1559
Email: karen.clakeley@everyonecounts.com

Background

King County, Washington has submitted an application for the 2011 EASE Grant being facilitated by the Federal Voting Assistance Program. For this application they are partnering with the following Washington Counties: Clark, Franklin, Pierce and Yakima. This consortium of counties has requested \$824,400 to investigate, evaluate, and field test methods to improve their ability to support UOCAVA voters. Most of these counties have military facilities within their jurisdiction and significant UOCAVA populations.

Based on EAC Survey Findings for 2009, Washington State is the fifth largest state for transmitting UOCAVA ballots. The state of Washington and participating counties are highly committed to ensuring UOCAVA voters are given every opportunity to participate in our democratic process, and have a track record of quality service and continuous improvements to that process.

King County has selected Everyone Counts as their vendor of choice for fulfilling the solutions outlined in the FVAP Grant. After careful collaboration, the grant was submitted within the deadline. The grant application specifies that the first election that may be considered is the November 8, 2011 election and

may continue through December 31, 2016. King County is desirous of launching the program in time for the November 2011 General Election. King County, the other participating counties, and Everyone Counts understand that the specific dates and solutions will not be determined until the award of the grant and final agreement among the parties.

Everyone Counts is committed to continuing its record of flawless delivery of elections in tandem with King County's continued record of commitment to delivering its voters efficient and effective ballot access.

The solution provided by Everyone Counts, while initially intended for serving military and overseas, will be easily scaled to serve all voters – including those with disabilities – through a single voting channel, making future expansion of the program an easy and cost effective option.

Statement of Work

For the November 2011 General Election, King County would need to make ballots available to UOCAVA voters no later than September 24, 2011. The proposed method for making these ballots available to UOCAVA voters is with the eLect Today solution provided by Everyone Counts. Funding for this and other solutions have been included in the grant application. All proposed solutions are clearly detailed in the grant proposal.

In order to meet the timelines associated with the November 2011 General election, it is necessary to begin requirements gathering and technology discussions prior to the official awarding of the grant, finalization of the contract, and approval by King County's Project Review Board (PRB). Everyone Counts is agreeable to provide the following services prior to the formal notification of the FVAP Grant Award and contract award.

Services

Pending the outcome of the FVAP Grant, Everyone Counts will provide the following in support of the planning and preparation for the November 8, 2011 General Election:

- Professional Election Services sufficient to enable the collection of detailed election specifications. This will include the formation of a preliminary master project plan for an eLect Today election with Transcriber; collection of necessary voter statistics; review of voter registration and other supporting databases; outline of proposed election contests; and preferences for the design of the online ballot package.
- System administration support sufficient to scope the level of effort required to ensure that the solution customized for King County to enable its UOCAVA voters to participate online is operational on the servers hosted by Everyone Counts.
- To minimize expenses during this phase, Everyone Counts will facilitate these discussions via electronic meetings (Go to Meeting) where possible.

Terms

Both parties agree to assume responsibility for any costs they incur while conducting or participating in the activities noted above. It is further agreed that once the grant is awarded to King County and the partnering counties, King County agrees to define the complete solution to be deployed, negotiate in good faith a contract with Everyone Counts, and to obtain PRB approval for the project. Both parties acknowledge that there is a chance, (however slight it might be) that despite best efforts, PRB approval and contracting efforts might encounter issues.

Everyone Counts will conduct similar processes with each of the other four counties involved in this grant application.

The undersigned is an authorized signatory of Customer.

CUSTOMER (b) (6)
By: _____
Name: Sherril Huff
Title: Director, King County Elections
Date: August 17, 2011

EVERYONE COUNTS, INC (b) (6)
By: _____
Name: RICK FORRY
Title: CONTROLLER
Date: 9/9/2011



King County

Department of Elections

Sherril Huff, *Director*

RNT-EL-0100

919 SW Grady Way

Renton, WA 98057

206-296-1540 TTY Relay: 711

www.kingcounty.gov/elections

2011-240

REC'D PROCUREMENT DIV

11 AUG 23 AM 8:25

August 17, 2011

TO: Ken Guy, Director, Finance and Business Operations Division (FBOD)

FROM: Sherril Huff, Director, Elections

RE: Waiver from Standard Procurement Procedures

The Department of Elections is seeking approval of a waiver from standard procurement procedures in order to procure "software as a service" products from Everyone Counts, Inc. in support of improving the ability of military and oversea civilian voters to exercise their democratic rights. In the future, this contract will potentially be used to assist voters with disabilities, exercise their voting rights as well. This procurement is pursuant to an expected Federal Voting Assistance Program (FVAP) grant with an anticipated value of approximately \$824,000. This grant is being pursued by a five Washington State county consortium with King County as the lead county. Of the entire grant, it is estimated that approximately \$445,000 will go towards this contract with King County's share of this being approximately \$193,000. However, King County will pay many of the common costs (e.g. licensing fee) on behalf of all the counties to simplify grant administration efforts.

Pursuant to RCW 36.32.245 (4) (citation attached), KCC 4.16.005 (citation attached), and KCC 4.16.040, we request a waiver under the special market conditions exemption category in order to contract with Everyone Counts for this service. Although RCW 36.32.245 (4) exempts from the competitive bidding process "... contracts and purchases for ... all other election material containing the names of candidates and ballot titles." King County Election did perform an informal competitive process involving the three major vendors for this type of service. A description of our selection process and the rationale for our selection is attached. In the opinion of the entire Elections Management Team, Everyone Counts is undoubtedly the best vendor for King County's effort. King County Elections selected Everyone Counts early in the grant application development process as knowledge of the specific details of the vendor's product and process was critical to preparation of a quality and competitive application and improves our chances for receiving a grant. We are also under very tight timelines to implement this service for our military and oversea civilians for the 2011 General Election. Implementation in this fall's election allows us to use and fine tune the service and process in advance of using it in a Presidential election.

Ken Guy, Director
August 15, 2011
Page 2

For additional information or questions, please contact Laird Hail, Elections' Technical Services Manager, at 296-3360 or at Laird.Hail@KingCounty.gov.

Certification: I hereby certify that the facts and statements concerning this request for a waiver from standard procurement procedures are accurate to the best of my knowledge.

(b) (6)

Laird Hail, Technical Services Manager, King County Elections

17 Aug 11
Date

(b) (6)

Sherril Huff, Director King County Elections

8/17/11
Date

(b) (6)

Wendy Keller, Manager, Procurement and Contract Services

Approve/Disapprove

8/24/11
Date

(b) (6)

Ken Guy, Director, Finance and Business Operations Division

Approve/Disapprove

8-24-2011
Date

RCW 36.32.245

Competitive bids — Requirements — Advertisements — Exceptions.

(1) No contract for the purchase of materials, equipment, or supplies may be entered into by the county legislative authority or by any elected or appointed officer of the county until after bids have been submitted to the county. Bid specifications shall be in writing and shall be filed with the clerk of the county legislative authority for public inspection. An advertisement shall be published in the official newspaper of the county stating the time and place where bids will be opened, the time after which bids will not be received, the materials, equipment, supplies, or services to be purchased, and that the specifications may be seen at the office of the clerk of the county legislative authority. The advertisement shall be published at least once at least thirteen days prior to the last date upon which bids will be received.

(2) The bids shall be in writing and filed with the clerk. The bids shall be opened and read in public at the time and place named in the advertisement. Contracts requiring competitive bidding under this section may be awarded only to the lowest responsible bidder. Immediately after the award is made, the bid quotations shall be recorded and open to public inspection and shall be available by telephone inquiry. Any or all bids may be rejected for good cause.

(3) For advertisement and formal sealed bidding to be dispensed with as to purchases between five thousand and twenty-five thousand dollars, the county legislative authority must use the uniform process to award contracts as provided in RCW 39.04.190. Advertisement and formal sealed bidding may be dispensed with as to purchases of less than five thousand dollars upon the order of the county legislative authority.

(4) This section does not apply to performance-based contracts, as defined in RCW 39.35A.004, that are negotiated under chapter 39.35A RCW; or contracts and purchases for ~~the purchase of election ballots, roll-in mail, vote labels, and all other election material containing the names of candidates and ballot text.~~

(5) Nothing in this section shall prohibit the legislative authority of any county from allowing for preferential purchase of products made from recycled materials or products that may be recycled or reused.

(6) This section does not apply to contracting for public defender services by a county.

Ken Guy, Director

August 15, 2011

Page 4

4.16.005 Applicability of administration of procurement - federal or state preemption - limits on executive limitations. To ensure open, fair and competitive procurement processes, to establish a procurement system of quality and integrity, and to maximize the purchasing value of public funds, this chapter applies to contracts for the procurement of tangible personal property, services, professional or technical services and public work entered into by county elected officials, department heads and their designees. ~~It does not apply to state law.~~ county ordinance or executive policy, county procurement shall be administered through the purchasing and contract services section to maximize economies of scale, consistency in county practices and accountability procedures.

When a procurement involves the expenditure of federal or state assistance, grants or funds, the manager shall conduct the procurement in accordance with this chapter unless the federal or state agency specifically requires otherwise. ~~This chapter does not limit the authority of the executive to procure tangible personal property, services, professional or technical services, or public work in a manner otherwise provided for in law.~~ (Ord. 16854 § 1, 2010).

Key Contacts Form

* Applicant Organization Name:

County of King, Office of Election

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Program Manager

Prefix: Mr.

* First Name: Laird

Middle Name:

* Last Name: Hail

Suffix:

Title: Technical Services Manager

Organizational Affiliation:

* Street1: 919 SW Grady Way, STE 100

Street2:

* City: Renton

County: King

* State: WA: Washington

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 98057-2973

* Telephone Number: 206.296.3360

Fax: 206.296.0108

* Email: Laird.Hail@KingCounty.gov

Key Contacts Form

* Applicant Organization Name:

County of King, Office of Election

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Manager

Prefix: Mr.

* First Name: Travis

Middle Name:

* Last Name: Elsom

Suffix:

Title: Senior IT Systems Specialist

Organizational Affiliation:

* Street1: 919 SW Grady Way, STE 100

Street2:

* City: Renton

County: King

* State: WA: Washington

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 98057-2973

* Telephone Number: 206.296-1431

Fax:

206.296.0108

* Email: Travis.Elsom@KingCounty.gov

Key Contacts Form

* Applicant Organization Name:

County of King, Office of Election

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 3 Project Role: Director, Office of Elections

Prefix: Ms.

* First Name: Sherril

Middle Name:

* Last Name: Huff

Suffix:

Title: Director

Organizational Affiliation:

* Street1: 919 SW Grady Way, STE 100

Street2:

* City: Renton

County: King

* State: WA: Washington

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 98057-2973

* Telephone Number: 206.296.1540

Fax:

206.296.0108

* Email: Sherril.Huff@KingCounty.Gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/09/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text" value="H98210-BAA-11-0001"/>	5b. Federal Award Identifier: <input type="text"/>
---	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="919 SW Grady Way, STE 100"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Renton"/>
County/Parish:	<input type="text" value="King"/>
* State:	<input type="text" value="WA: Washington"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="98057-2973"/>

e. Organizational Unit:

Department Name: <input type="text" value="Office of Election"/>	Division Name: <input type="text"/>
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Laird"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Hail"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="206.296.3360"/>	Fax Number: <input type="text" value="206.296.0109"/>
---	---

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Research project to evaluate ways to improve the ability for UOCAVA voters to receive and return ballots in a timely manner no matter where they are located and in an user friendly manner.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="824,400.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="824,400.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. FVAP Electronic Absentee System for Elections (EASE)	12.217	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 824,400.00	\$ <input style="width: 100px;" type="text"/>
2.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
3.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
4.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
5. Totals		\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 824,400.00	\$ <input style="width: 100px;" type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	FVAP Electronic Absentee System for Elections (EASE)			
a. Personnel	\$ 54,100.00	\$	\$	\$
b. Fringe Benefits	13,600.00			
c. Travel	9,200.00			
d. Equipment	500.00			
e. Supplies	0.00			
f. Contractual	697,000.00			
g. Construction	0.00			
h. Other	50,000.00			
i. Total Direct Charges (sum of 6a-6h)	824,400.00			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 824,400.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter
13. Federal	\$ <input type="text" value="579,000.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="165,000.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="579,000.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="165,000.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. FVAP Electronic Absentee System for Elections (EASE)	\$ <input type="text" value="245,400.00"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="245,400.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa , FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

Laird.Hail@KingCounty.gov

Mr. Laird Hail
Program Manager
King County Elections
919 SW Grady Way
Renton, WA 98357

Dear Mr. Hail:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 23 September 2011. The scheduled time to commence is at 10:00 AM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff)..

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. On page 32, "Budget Proposal" you outline subcontracts and sub-awards. How do they correspond to the research outlined in the technical proposal?
2. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic

transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”

Please clarify whether the electronic return of ballots via secure email research mentioned in pages 2 and 3 of the Technical Proposal will be used in an actual election?

7. Where do you intend to deploy the voting kiosks mentioned on page 6 in the proposal?
8. Why is CAC card verification mentioned in the proposal but not in the budget proposal?
9. The proposal is vague regarding signature challenge research, could you please explain further the research approach?
10. Accessibility for Persons with Disabilities is not a funding requirement, what compelling research will be developed to justify the funding of this item?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0005 with the County of King (Washington)

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the County of King (Washington) is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0002-000 (dated 21 October 2011) was received in the amount of **\$816,400.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 23 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 54,100.00	\$ -	\$ 54,100.00
Fringe Benefits	\$ 13,600.00	\$ -	\$ 13,600.00
Travel	\$ 9,200.00	\$ -	\$ 9,200.00
Equipment	\$ 500.00	\$ -	\$ 500.00
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 697,000.00	\$ -	\$ 697,000.00
Construction	\$ -	\$ -	\$ -
Other	\$ 50,000.00	\$ -	\$ 50,000.00
Total Direct Charges	\$ 824,400.00	\$ -	\$ 824,400.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 824,400.00	\$ -	\$ 824,400.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis. As a result of discussions, the Recipient submitted a revised budget on 04 October 2011.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ 54,100.00	6.63%
Fringe Benefits	\$ 13,600.00	1.67%
Travel	\$ 9,200.00	1.13%
Equipment	\$ 500.00	0.06%
Supplies	\$ -	0.00%
Contractual	\$ 689,000.00	84.39%
Construction	\$ -	0.00%
Other	\$ 50,000.00	6.12%
Total Direct Charges	\$ 816,400.00	
Indirect Charges	\$ -	
TOTAL	\$ 816,400.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient rates in accordance with its financial standards, and is acceptable. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Seattle will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 23 June 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that **H98210-12-1-0005** with the County of King (Washington) in the amount of **\$816,400.00** be approved in its final form.

DATE: **31 October 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0005

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

A large black rectangular redaction box covers the signature area of the Grants Officer.

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0005.

(NAME)

(SIGNATURE)

(DATE)

WA-001

WA-002

WA-003

WA-004

WA-006

WA-007

WA-008

WA-009

The only records we have of grants to King County Election are Help America Vote Act (HAVA) sub grants from the Washington State Secretary of State's Office. Therefore, we have not been the direct subject of independent grant audits. Although we are not specifically mentioned in the attached report, we did participate in an audit done on the Secretary of State's HAVA grant award which is attached. No findings concerning King County Elections were mentioned and in fact verbal comments to King County Elections from the auditor were extremely complimentary.



**U.S. ELECTION ASSISTANCE
COMMISSION
OFFICE OF INSPECTOR GENERAL**

FINAL REPORT:

**ADMINISTRATION OF PAYMENTS
RECEIVED UNDER THE HELP
AMERICA VOTE ACT BY THE STATE
OF WASHINGTON SECRETARY OF
STATE**

APRIL 30, 2003 THROUGH DECEMBER 31, 2007

**Report No.
E-HP-WA-05-08
NOVEMBER 2008**



U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL
1225 New York Ave. NW - Suite 1100
Washington, DC 20005

November 17, 2008

Memorandum

To: Thomas Wilkey
Executive Director

From: Curtis W. Crider *Curtis W. Crider*
Inspector General

Subject: Final Audit Report - Administration of Payments Received Under the Help America Vote Act by the State of Washington Secretary of State
(Assignment Number E-HP-WA-05-08)

We contracted with the independent certified public accounting firm of Clifton Gunderson LLP (Clifton Gunderson) to audit the administration of payments received under the Help America Vote Act (HAVA) by the State of Washington Secretary of State (SOS). The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards. Clifton Gunderson is responsible for the attached auditor's report and the conclusions expressed therein.

In its audit of the SOS, Clifton Gunderson concluded that the SOS accounted for and expended HAVA funds in accordance with the HAVA requirements and complied with the financial management requirements established by the U.S. Election Assistance Commission. The SOS also complied with section 251 requirements. However, we did not include a determination of whether the SOS and its subgrantees met the requirements for maintenance of a base level of state outlays because the Commission is reviewing its guidance on the applicability of the maintenance of a base level of state outlays to the SOS's subgrantees

Since the report does not contain any recommendations, we are not requesting a response.

The legislation, as amended, creating the Office of Inspector General (5 U.S.C. § App.3) requires semiannual reporting to Congress on all audit reports issued, actions taken to implement audit recommendations, and recommendations that have not been implemented. Therefore, this report will be included in our next semiannual report to Congress.

If you have any questions regarding this report, please call me at (202) 566-3125.

PERFORMANCE AUDIT REPORT
ADMINISTRATION OF PAYMENTS RECEIVED
UNDER THE HELP AMERICA VOTE ACT
BY THE
STATE OF WASHINGTON

April 30, 2003 Through December 31, 2007

UNITED STATES ELECTION
ASSISTANCE COMMISSION

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
BACKGROUND	2
AUDIT OBJECTIVES	2
SCOPE AND METHODOLOGY	3
AUDIT RESULTS	3
APPENDICES	
Appendix A: Audit Methodology	5

**U.S. Election Assistance Commission
Performance Audit of the Administration of Payments Received Under the
Help America Vote Act by the State of Washington**

EXECUTIVE SUMMARY

Clifton Gunderson LLP was engaged by the U.S. Election Assistance Commission (EAC or the Commission) Office of Inspector General to conduct a performance audit of the Washington Office of the Secretary of State (SOS) for the period April 30, 2003 through December 31, 2007 to determine whether the SOS used payments authorized by Sections 101, 102, and 251 of the Help America Vote Act of 2002 (HAVA or the Act) in accordance with HAVA and applicable requirements; accurately and properly accounted for property purchased with HAVA payments and for program income, and met HAVA requirements for Section 251 funds for an election fund and for a matching contribution. We did not include a determination of whether the SOS and its subgrantees met the requirements for maintenance of a base level of state outlays because the Commission is reviewing its guidance on the applicability of the maintenance of a base level of state outlays to the SOS's subgrantees.

In addition, the Commission requires states to comply with certain financial management requirements, specifically:

- Comply with the *Uniform Administrative Requirements For Grants And Cooperative Agreements With State And Local Governments* (also known as the "Common Rule") as published in the Code of Federal Regulations 41 CFR 105-71.
- Expend payments in accordance with cost principles for establishing the allowance or disallowance of certain items of cost for federal participation issued by the Office of Management and Budget (OMB) in Circular A-87.
- Submit detailed annual financial reports on the use of Title I and Title II payments.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Because of inherent limitations, a study and evaluation made for the limited purposes of our review would not necessarily disclose all weaknesses in administering HAVA payments.

Our audit concluded that the SOS accounted for and expended HAVA funds in accordance with the requirements mentioned above for the period from April 30, 2003 through December 31, 2007, except for the determination of whether the SOS and its subgrantees met the requirements for maintenance of a base level of state outlays which were specifically omitted from our scope of audit work as explained above.

BACKGROUND

The Help America Vote Act of 2002 created the Commission to assist states and insular areas with the improvement of the administration of Federal elections and to provide funds to states to help implement these improvements. HAVA authorizes payments to states under Titles I and II, as follows:

- Title I, Section 101 payments are for activities such as complying with Title III of HAVA for uniform and nondiscriminatory election technology and administration requirements, improving the administration of elections for Federal office, educating voters, training election officials and poll workers, and developing a state plan for requirements payments.
- Title I, Section 102 payments are available only for the replacement of punch card and lever action voting systems.
- Title II, Section 251 requirements payments are for complying with Title III requirements for voting system equipment; and for addressing provisional voting, voting information, statewide voter registration lists, and voters who register by mail.

Title II also requires that states must:

- Have appropriated funds “equal to 5 percent of the total amount to be spent for such activities [activities for which requirements payments are made].” [Section 253(b)(5)].
- “Maintain the expenditures of the State for activities funded by the [requirements] payment at a level that is not less than the level of such expenditures maintained by the State for the fiscal year ending prior to November 2000.” [Section 254 (a)(7)].
- Establish an election fund for amounts appropriated by the state “for carrying out the activities for which the requirements payment is made,” for the Federal requirements payments received, for “such other amounts as may be appropriated under law,” and for “interest earned on deposits of the fund.” [Section 254)(b)(1)].

AUDIT OBJECTIVES

The objectives of our audit were to determine whether the State of Washington, Office of the Secretary of State:

1. Used payments authorized by Sections 101, 102, and 251 of the Help America Vote Act (HAVA) in accordance with HAVA and applicable requirements;
2. Accurately and properly accounted for property purchased with HAVA payments and for program income;
3. Met HAVA requirements for Section 251 funds for an election fund and for a matching contribution. We did not determine whether the SOS met the requirement for maintenance of a base level of state outlays because the Commission is reviewing its guidance on the applicability of the maintenance of a base level of state outlays to subgrantees of the SOS.

In addition, to account for HAVA payments, the Act requires states to maintain records that are consistent with sound accounting principles that fully disclose the amount and disposition of the payments, that identify the project costs financed with the payments and other sources, and that will facilitate an effective audit. The Commission requires states receiving HAVA funds to comply with certain financial management requirements, specifically:

1. Comply with the *Uniform Administrative Requirements For Grants And Cooperative Agreements With State and Local Governments* (also known as the "Common Rule") as published in the Code of Federal Regulations at 41 CFR 105-71.
2. Expend payments in accordance with cost principles for establishing the allowance or disallowance of certain items of cost for federal participation issued by the Office of Management and Budget (OMB) in Circular A-87.
3. Submit detailed annual financial reports on the use of Title I and Title II payments.¹

SCOPE AND METHODOLOGY

We audited the HAVA funds received and disbursed by the SOS from April 30, 2003 through December 31, 2007.

Funds received and disbursed from April 30, 2003 (program initiation date) to December 31, 2007 (56-month period) are shown below:

TYPE OF PAYMENT	FUNDS RECEIVED				FUNDS DISBURSED	DATA AS OF
	EAC PAYMENT	STATE MATCH	INTEREST EARNED	TOTAL AVAILABLE		
101	\$ 6,098,449	\$ 0	\$ 259,047	\$ 6,357,496	\$ 6,357,496	12/31/2007
102	6,799,430	0	453,187	7,252,617	6,321,236	12/31/2007
251	47,195,971	2,485,877	4,231,120	53,912,968	29,795,455	12/31/2007
	<u>\$60,093,850</u>	<u>\$2,485,877</u>	<u>\$4,943,354</u>	<u>\$67,523,081</u>	<u>\$42,474,187</u>	12/31/2007

Our audit methodology is set forth in the Appendix.

AUDIT RESULTS

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable

¹ EAC requires states to submit annual reports on the expenditure of HAVA Sections 101, 102, and 251 funds. For Sections 101 and 102, reports are due on February 28 for the activities of the previous calendar year. For Section 251, reports are due by March 30 for the activities of the previous fiscal year ending on September 30.

basis for our findings and conclusions based on the audit objectives. Because of inherent limitations, a study and evaluation made for the limited purposes of our review would not necessarily disclose all weaknesses in administering HAVA payments.

Except for the determination of whether the SOS and its subgrantees met the requirements for maintenance of a base level of state outlays which were specifically omitted from our scope of audit work as explained above, we concluded that the SOS accounted for and expended HAVA funds in accordance with the requirements mentioned above. This includes compliance with section 251 requirements for an election fund.

We provided a draft of our report to the appropriate individuals of the State of Washington Office of the Secretary of State, and the United States Election Assistance Commission. We considered any comments received prior to finalizing this report.

CG performed its work between April 14 and May 13, 2008.

Clifton Henderson LLP

Calverton, Maryland
November 6, 2008

AUDIT METHODOLOGY

Our audit methodology included:

- Assessing audit risk and significance within the context of the audit objectives.
- Obtaining an understanding of internal control that is significant to the administration of the HAVA funds.
- Understanding relevant information systems controls as applicable.
- Identifying sources of evidence and the amount and type of evidence required.
- Determining whether other auditors have conducted, or are conducting, audits of the program that could be relevant to the audit objectives.

To implement our audit methodology, below are some of the audit procedures we performed:

- Interviewed appropriate SOS employees about the organization and operations of the HAVA program.
- Reviewed prior single audit report and other reviews related to the state's financial management systems and the HAVA program for the last 2 years.
- Reviewed policies, procedures and regulations for the SOS's management and accounting systems as they relate to the administration of HAVA programs.
- Analyzed the inventory lists of equipment purchased with HAVA funds.
- Tested major purchases and supporting documentation.
- Tested randomly sampled payments made with the HAVA funds.
- Verified support for reimbursements to local governments (counties, cities, and municipalities).
- Reviewed certain state laws that impacted the election fund.
- Examined appropriations and expenditure reports for state funds used to maintain the level of expenses for elections at least equal to the amount expended in fiscal year 2000 and to meet the five percent matching requirement for section 251 requirements payments.
- Evaluated compliance with the requirements for accumulating financial information reported to the Commission on the Financial Status Reports, Form SF-269, accounting for property, purchasing HAVA related goods and services, and accounting for salaries.

- Verified the establishment and maintenance of an election fund.
- Conducted site visits of selected counties to perform the following:
 - Observe equipment purchased with HAVA funds for proper accounting and safeguarding
 - Test disbursement of HAVA funds for allowability and compliance
 - Test cash receipts from SOS to ensure proper cash management
 - Test procurement of voting equipment for competitive bid process
 - Ensure compliance with HAVA Act.

OIG's Mission

The OIG audit mission is to provide timely, high-quality professional products and services that are useful to OIG's clients. OIG seeks to provide value through its work, which is designed to enhance the economy, efficiency, and effectiveness in EAC operations so they work better and cost less in the context of today's declining resources. OIG also seeks to detect and prevent fraud, waste, abuse, and mismanagement in these programs and operations. Products and services include traditional financial and performance audits, contract and grant audits, information systems audits, and evaluations.

Obtaining Copies of OIG Reports

Copies of OIG reports can be requested by e-mail.
(eacoig@eac.gov).

Mail orders should be sent to:

U.S. Election Assistance Commission
Office of Inspector General
1225 New York Ave. NW - Suite 1100
Washington, DC 20005

To order by phone: Voice: (202) 566-3100
Fax: (202) 566-0957

To Report Fraud, Waste and Abuse Involving the U.S. Election Assistance Commission or Help America Vote Act Funds

By Mail: U S. Election Assistance Commission
Office of Inspector General
1225 New York Ave. NW - Suite 1100
Washington, DC 20005

E-mail: eacoig@eac.gov

OIG Hotline: 866-552-0004 (toll free)

FAX: 202-566-0957





FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

**HISTORICAL RECORD
as of: 07/14/2011**

Registration Status: ACTIVE

DUNS: 136983835

DUNS PLUS4:

CAGE/NCAGE: 6F6C5

Legal Business Name: STATE, LOUISIANA DEPARTMENT OF
Doing Business As (DBA): LOUISIANA DEPARTMENT OF STATE

Division Name: LEGAL DIVISION

Division Number:

Company URL:

Physical Street Address 1: 8585 ARCHIVES AVE

Physical Street Address 2:

Physical City: BATON ROUGE

Physical State: LA

Physical Foreign Province:

Physical Zip/Postal Code: 70809-0206

Physical Country: USA

Mailing Name: LOUISIANA DEPARTMENT OF STATE

Mailing Street Address 1: 8585 ARCHIVES AVE.

Mailing Street Address 2:

Mailing City: BATON ROUGE

Mailing State: LA

Mailing Foreign Province:

Mailing Zip/Postal Code: 70809-2414

Mailing Country: USA

Business Start Date: 04/08/1812

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

VN - Contracts

DISASTER RESPONSE INFORMATION

Bonding Levels

**Construction Bonding
Level, Per Contract
(dollars):**

**Construction Bonding
Level, Aggregate
(dollars):**

**Service Bonding Level,
Per Contract (dollars):**

**Service Bonding Level,
Aggregate (dollars):**

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

7540 - STANDARD FORMS

Federal Supply Classification (FSC)

9999 - Miscellaneous Items

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

--- ---

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: KATHY HERNANDEZ

Government Business Alternate POC

Name: DENISE NASTASIA

Address Line 1: P. O. BOX 94125
Address Line 2:
City: BATON ROUGE
State: LA

Foreign Province:
Zip/Postal Code: 70804-9125
Country: USA
U.S. Phone: 225-922-3023
Non-U.S. Phone:
Fax: 225-922-1075

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: CAROL H. GUIDRY
Address Line 1: P. O. BOX 94125
Address Line 2:
City: BATON ROUGE
State: LA
Foreign Province:
Zip/Postal Code: 70804-9125
Country: USA
U.S. Phone: 225-925-1776
Non-U.S. Phone:
Fax: 225-922-2179

Address Line 1: P. O. BOX 94125
Address Line 2:
City: BATON ROUGE
State: LA

Foreign Province:
Zip/Postal Code: 70804-9125
Country: USA
U.S. Phone: 225-925-4881
Non-U.S. Phone:
Fax: 225-922-1075

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: SHANDA JONES
Address Line 1: P. O. BOX 94125
Address Line 2:
City: BATON ROUGE
State: LA
Foreign Province:
Zip/Postal Code: 70804-9125
Country: USA
U.S. Phone: 225-922-0251
Non-U.S. Phone:
Fax: 225-922-0100



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151):

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POW-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Dallas 600 N. Pearl Street, Suite 1630 Dallas, TX 75201-2843	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Louisiana Department of State 8585 Archives Avenue Baton Rouge, LA 70809 POC: Ms. Carol Guidry (225) 362-5142	4a. AWARD NUMBER H98210-12-1-0009 4b. AWARD DATE 13 December 2011	5a. FACE VALUE \$350,000.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 12 Dec 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.



**STATE OF LOUISIANA
DEPARTMENT OF STATE**

**TOM SCHEDLER
SECRETARY OF STATE
P.O. Box 94125
Baton Rouge, LA 70804-9125**

**Louisiana MOVES Forward
Technical Proposal**

**CAGE Code: (b) (4)
DUNS Number: (b) (4)**

**Catalog of Federal Domestic Assistance Number: 12.217
BAA Number: H98210-BAA-11-0001**

**Technical Contact: Chrissie Weatherford
(chrissie.weatherford@sos.louisiana.gov)
(225) 925-4793 / (225) 922-2179 FAX**

**Administrative/Business Contact: Carol Guidry
(cguidry@sos.louisiana.gov)
(225) 362-5142 / (225) 922-1180 FAX**

Contractor: Gregory C. Rigamer & Associates, Inc.

STATE OF LOUISIANA
DEPARTMENT OF STATE
CONTACT PERSONS

Tom Schedler, Secretary of State
P. O. Box 94125
Baton Rouge, LA 70804-9125
dawn.ross@sos.la.gov
(225) 922-2880

Carol H. Guidry, Director of HAVA
P. O. Box 94125
Baton Rouge, LA 70804-9125
cguidry@sos.la.gov
(225) 362-5142

Chrissie Weatherford, IT Director
3851 Essen Lane
Baton Rouge, LA 70809
Chrissie.weatherford@sos.la.gov
(225) 925-7258

Caryn McGlinchey, Budget Analyst
8585 Archives Avenue
Baton Rouge, LA 70809
Caryn.mcglinchey@sos.la.gov
(225) 362-5156

NOTE: The Department's email went from sos.louisiana.gov to sos.la.gov. I didn't know if you wanted me to change the front page.

Key Contacts Form

* Applicant Organization Name:

Louisiana Department of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Fiscal Contact

Prefix: Mrs.

* First Name: Carol

Middle Name: H.

* Last Name: Guidry

Suffix:

Title: Director of HAVA

Organizational Affiliation:

Louisiana Department of State

* Street1: 8585 Archives Ave.

Street2: P. O. Box 94125

* City: Baton Rouge

County:

* State: LA: Louisiana

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 70804-9125

* Telephone Number: (225) 362-5142

Fax: (225) 922-1180

* Email: cguidry@sos.louisiana.gov

Key Contacts Form

* Applicant Organization Name:

Louisiana Department of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Manager

Prefix: Mrs.

* First Name: Chrissie

Middle Name:

* Last Name: Weatherford

Suffix:

Title: IT Director

Organizational Affiliation:

Louisiana Department of State

* Street1: 8385 Archives Ave.

Street2: P. O. Box 94125

* City: Baton Rouge

County:

* State: LA: Louisiana

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 70804-9125

* Telephone Number: (225) 922-4793

Fax: (225) 922-1180

* Email: chrissie.weatherford@sos.louisiana.gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: 07/08/2011	4. Applicant Identifier: <input type="text"/>
-----------------------------------	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

B. APPLICANT INFORMATION:

* a. Legal Name: Louisiana Department of State

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
--	--------------------------------------

d. Address:

* Street1:	6585 Archives Ave.
Street2:	E. O. Box 94125
* City:	Baton Rouge
County/Parish:	<input type="text"/>
* State:	LA: Louisiana
Province:	<input type="text"/>
* Country:	USA: UNITED STATES
* Zip / Postal Code:	70804-9125

e. Organizational Unit:

Department Name: Louisiana Department of State	Division Name: Elections
---	-----------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mrs.	* First Name: Carol
Middle Name: H.	
* Last Name: Guidry	
Suffix: <input type="text"/>	
Title: Director of HAVA	

Organizational Affiliation:
Louisiana Department of State

* Telephone Number: (225) 362-5142	Fax Number: (225) 922-1180
------------------------------------	----------------------------

* Email: cguidry@sos.louisiana.gov

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

12. Funding Opportunity Number:

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

15. Descriptive Title of Applicant's Project:

Louisiana MOVES Forward

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="350,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="350,000.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Electronic Absentee Systems for Elections (EASE) Grants	12.217	\$ []	\$ []	\$ 350,000.00	\$ []
2. []	[]	[]	[]	[]	[]
3. []	[]	[]	[]	[]	[]
4. []	[]	[]	[]	[]	[]
5. Totals		\$ []	\$ []	\$ 350,000.00	\$ []

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee Systems for Elections (EASE) Grants			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual	275,000.00			
g. Construction				
h. Other	75,000.00			
i. Total Direct Charges (sum of 6a-6h)	350,000.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 350,000.00	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)		\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text" value="350,000.00"/>	\$ <input type="text" value="87,500.00"/>	\$ <input type="text" value="87,500.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="350,000.00"/>	\$ <input type="text" value="87,500.00"/>	\$ <input type="text" value="87,500.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

4. Name and Address of Reporting Entity:

Prime SubAwardee

* Name: Louisiana Department of State

* Street 1: 8565 Archives Ave. * Street 2: P. O. Box 94125

* City: Baton Rouge * State: LA: Louisiana * Zip: 70804-9125

Congressional District, if known: State:

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: Defense Human Resources Activity - FVAP	7. * Federal Program Name/Description: Electronic Absentee Systems for Elections CFDA Number, if applicable: 12.217
---	--

8. Federal Action Number, if known: _____	9. Award Amount, if known: \$ 350,000.00
---	--

10. a. Name and Address of Lobbying Registrant:

Prefix: Mr. * First Name: Tom Middle Name: _____

* Last Name: Schedler Suffix: _____

* Street 1: 8565 Archives Ave. * Street 2: P. O. Box 94125

* City: Baton Rouge * State: LA: Louisiana * Zip: 70804-9125

b. Individual Performing Services (including address if different from No 10a)

Prefix: Mr. * First Name: Tom Middle Name: _____

* Last Name: Schedler Suffix: _____

* Street 1: _____ * Street 2: _____

* City: _____ * State: _____ * Zip: _____

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* Signature: Carol Guidry

* Name: Prefix: Mr. * First Name: Tom Middle Name: _____
 * Last Name: Schedler Suffix: _____

Title: Secretary of State Telephone No.: (225) 922-2830 Date: 07/08/2011

Federal Use Only:	Authorized for Local Reproduction Standard Form - LLL (Rev. 7-97)
--------------------------	--



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

13 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0009

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0009.

(NAME)

(SIGNATURE)

(DATE)

18 October 2011

Via Email:
cguidry@sos.louisiana.gov

Mrs. Carol H. Guidry
Director of HAVA
Louisiana Department of State
8585 Archives Ave.
P. O. Box 94125
Baton Rouge, LA 70804-9125

Dear Ms. Guidry:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 3, 2011 at 1:00 PM (EDT). The conference call number is 703-695-4042 pc: 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Part II, Section I.A.5-Innovation of the BAA specifically states:
“Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”
Please clarify whether there will be electronic return of ballots used in an actual election?
2. Can we extend the grant reports term though 2016?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0009 with the Louisiana department of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0002-000 (dated 08 November 2011) was received in the amount of **\$350,000.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP's Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient's Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government's discussion issues.

TAB A9 – The Recipient was provided the Government's issues in advance of the discussion session. Discussions were held via telephone conference call on 02 November 2011. FVAP raised several issues with regard to the Recipient's Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 13 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 21 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 275,000.00	\$ -	\$ 275,000.00
Construction	\$ -	\$ -	\$ -
Other	\$ 75,000.00	\$ -	\$ 75,000.00
Total Direct Charges	\$ 350,000.00	\$ -	\$ 350,000.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 350,000.00	\$ -	\$ 350,000.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 275,000.00	78.57%
Construction	\$ -	0.00%
Other	\$ 75,000.00	21.43%
Total Direct Charges	\$ 350,000.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 350,000.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Dallas will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 05 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0009** with the Louisiana Department of State in the amount of **\$350,000.00** be approved in its final form.

DATE: **09 December 2011**

(b) (6)



ROBERT J. LAVELLE
Grants Officer



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See ORCA for official certification.

Registration Status: Active in CCR; Registration valid until 06/28/2012.

DUNS: 077535144

DUNS PLUS4:

CAGE/NCAGE: 3J5C4

Legal Business Name: COUNTY OF MARICOPA

Doing Business As (DBA):

Division Name: FINANCE DEPT

Division Number: 6025063561

Company URL:

Physical Street Address 1: 301 W JEFFERSON ST STE 960

Physical Street Address 2:

Physical City: PHOENIX

Physical State: AZ

Physical Foreign Province:

Physical Zip/Postal Code: 85003-2143

Physical Country: USA

Mailing Name: MARICOPA COUNTY

Mailing Street Address 1: 301 W. JEFFERSON ST., SUITE 960

Mailing Street Address 2:

Mailing City: PHOENIX

Mailing State: AZ

Mailing Foreign Province:

Mailing Zip/Postal Code: 85003-2111

Mailing Country: USA

Business Start Date: 07/01/2003

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

--- ---

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: ROBERT HARWOOD
Address Line 1: 301 W JEFFERSON
Address Line 2: SUITE #960
City: PHOENIX

Government Business Alternate POC

Name: DOREEN COLLINS
Address Line 1: 301 W JEFFERSON
Address Line 2: SUITE #960
City: PHOENIX

State: AZ
Foreign Province:
Zip/Postal Code: 85003-2111
Country: USA
U.S. Phone: 602-506-3561
Non-U.S. Phone:
Fax: 602-506-4451

State: AZ
Foreign Province:
Zip/Postal Code: 85003-2111
Country: USA
U.S. Phone: 602-506-3561
Non-U.S. Phone:
Fax: 602-506-4451

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: ROBERT HARWOOD
Address Line 1: 301 W JEFFERSON
Address Line 2: SUITE #960
City: PHOENIX
State: AZ
Foreign Province:
Zip/Postal Code: 85003-2111
Country: USA
U.S. Phone: 602-506-3561
Non-U.S. Phone:
Fax: 602-506-4451

Electronic Business Alternate POC

Name: DOREEN COLLINS
Address Line 1: 301 W JEFFERSON
Address Line 2: SUITE #960
City: PHOENIX
State: AZ
Foreign Province:
Zip/Postal Code: 85003-2111
Country: USA
U.S. Phone: 602-506-3561
Non-U.S. Phone:
Fax: 602-506-4451



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF PC AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Phoenix 40 North Central Avenue, Suite 400 Phoenix, AZ 85004-4424	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Maricopa 301 W Jefferson Street, Suite 960 Phoenix, AZ 85003-2143 POC: Ms. Tammy Patrick (602) 506-3069	4a. AWARD NUMBER H98210-12-1-0015	5a. FACE VALUE \$150,000.00
	4b. AWARD DATE 28 December 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 21 Dec 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
---	--	--

* 3. Date Received: 07/08/2011	4. Applicant Identifier: _____
-----------------------------------	-----------------------------------

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
---	--

State Use Only:

6. Date Received by State: _____	7. State Application Identifier: _____
----------------------------------	--

8. APPLICANT INFORMATION:

* a. Legal Name: Maricopa County Elections Department

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
--	--------------------------------------

d. Address:

* Street1: 111 South 3rd Avenue
Street2: _____
* City: Phoenix
County/Parish: _____
* State: AZ: Arizona
Province: _____
* Country: USA: UNITED STATES
* Zip / Postal Code: 85008-2294

e. Organizational Unit:

Department Name: Maricopa County Elections Dept	Division Name: Federal Compliance Division
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Ms.	* First Name: Tammy
Middle Name: _____	
* Last Name: Patrick	
Suffix: _____	
Title: Federal Compliance Officer	
Organizational Affiliation: Maricopa County Elections Department	
* Telephone Number: 602-506-1270	Fax Number: 602-506-3069
* Email: tpatrick@risc.maricopa.gov	

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

B: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):



*** 15. Descriptive Title of Applicant's Project:**

Expand functionality of UOCAVA website. Explore providing an online, fill-able FPCA utilizing technology to pull signature images from existing voter file interface to auto-populate VR record.

Attach supporting documents as specified in agency instructions.



Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.



17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="150,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="150,000.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

- Yes
- No

If "Yes", provide explanation and attach



21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

* Applicant Organization Name:

Maricopa County Elections Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Grant Applicant & Contact

Prefix:

* First Name: Tammy

Middle Name:

* Last Name: Patrick

Suffix:

Title: Federal Compliance Officer

Organizational Affiliation:

Maricopa County Elections Department

* Street1: 111 S 3rd Avenue

Street2:

* City: Phoenix

County:

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 85003

* Telephone Number: 602-506-1270

Fax:

* Email: tpatrick@risc.maricopa.gov



BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system		\$ 99,200.00	\$	\$	\$	\$ 99,200.00
2. Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.		50,800.00				50,800.00
3.						
4.						
5. Totals		\$ 150,000.00	\$	\$	\$	\$ 150,000.00

SECTION 8 - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system	Revision of reporting structure to provide for automated data gathering and reporting for EVAP and EAC survey.			
a. Personnel	\$ 57,400.00	\$ 2,800.00	\$	\$	\$ 60,200.00
b. Fringe Benefits	0.00	0.00			
c. Travel	10,000.00	0.00			10,000.00
d. Equipment	0.00	0.00			
e. Supplies	0.00	0.00			
f. Contractual	31,800.00	48,000.00			79,800.00
g. Construction	0.00	0.00			
h. Other	0.00	0.00			
i. Total Direct Charges (sum of 6a-6h)	99,200.00	50,800.00			\$ 150,000.00
j. Indirect Charges	0.00	0.00			\$
k. TOTALS (sum of 6i and 6j)	\$ 99,200.00	\$ 50,800.00	\$	\$	\$ 150,000.00
7. Program Income	\$ 0.00	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A-102) Page 1A

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system.	\$ 14,350.00	\$	\$	\$ 14,350.00
9.	Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.	700.00			700.00
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$ 15,050.00	\$	\$	\$ 15,050.00

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 150,000.00	\$ 90,000.00	\$ 22,500.00	\$ 22,500.00	\$ 15,000.00
14. Non-Federal	\$ 15,050.00	3,762.50	3,762.50	3,762.50	3,762.50
15. TOTAL (sum of lines 13 and 14)	\$ 165,050.00	\$ 93,762.50	\$ 26,262.50	\$ 26,262.50	\$ 18,762.50

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (YEARS)			
		(b) First	(c) Second	(d) Third	(e) Fourth
16.	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system.	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
17.	Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.	0.00	0.00	0.00	0.00
18.					
19.					
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
23. Remarks:			

Technical Proposal

Catalog of Federal Domestic Assistance #: 12.217

BAA#: H98210-BAA-11-0001

**Maricopa County Elections Department
UOCAVA Voter Interface Upgrade Project**

CAGE Code: (b) (4)

DUNS#: (b) (4)

Applicant: Maricopa County Elections Department

Technical Contact: Rey Valenzuela, Assistant Director
510 S 3rd Avenue, Phoenix, AZ 85003
Phone: 602-506-3096 Fax: 602-506-5112
Email: rvalenzuela@risc.maricopa.gov

Administrative Contact: Tammy Patrick, Federal Compliance Officer
111 S 3rd Avenue, Phoenix, AZ 85003
Phone: 602-506-1270 Fax: 602-506-3069
Email: tpatrick@risc.maricopa.gov

Performance Period: January 2, 2011- December 31st, 2012

Key Contacts Form

* Applicant Organization Name:

Maricopa County Elections Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Grant Applicant & Contact

Prefix:

* First Name: Tammy

Middle Name:

* Last Name: Patrick

Suffix:

Title: Federal Compliance Officer

Organizational Affiliation:

Maricopa County Elections Department

* Street1: 111 S 3rd Avenue

Street2:

* City: Phoenix

County:

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 85003

* Telephone Number: 602-506-1270

Fax:

* Email: tpatrick@risc.maricopa.gov

Key Contacts Form

* Applicant Organization Name:

Maricopa County Elections Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Deyan

Middle Name:

* Last Name: Bunjevic

Suffix:

Title: Financial/Business Analyst

Organizational Affiliation:

Maricopa County Elections Department

* Street1: 111 S 3rd Avenue

Street2:

* City: Phoenix

County:

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 85003

* Telephone Number: 602-506-2471

Fax:

* Email: dbunjevic@risc.maricopa.gov

Key Contacts Form

* Applicant Organization Name:

Maricopa County Elections Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 3 Project Role: Project Manager/Technical Contact

Prefix:

* First Name: Rey

Middle Name:

* Last Name: Valenzuela

Suffix:

Title: Assistant Director

Organizational Affiliation:

Maricopa County Elections Department

* Street1: 510 S 3rd Avenue

Street2:

* City: Phoenix

County:

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 85003

* Telephone Number: 602-506-3096

Fax:

* Email: rvalenzuela@riso.maricopa.gov

Key Contacts Form

* Applicant Organization Name:

Maricopa County Elections Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 4 Project Role: IT Director

Prefix:

* First Name: Terry

Middle Name:

* Last Name: Thompson

Suffix:

Title: IT Director

Organizational Affiliation:

Maricopa County Recorder/Elections

* Street1: 111 S 3rd Avenue

Street2:

* City: Phoenix

County:

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 85003

* Telephone Number: 602-506-8090

Fax:

* Email: tthompson@risc.maricopa.gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/08/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="111 South 3rd Avenue"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Phoenix"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="AZ: Arizona"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="85008-2294"/>

e. Organizational Unit:

Department Name: <input type="text" value="Maricopa County Elections Dept"/>	Division Name: <input type="text" value="Federal Compliance Division"/>
--	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Ms."/>	* First Name: <input type="text" value="Tammy"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Patrick"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="602-506-1270"/>	Fax Number: <input type="text" value="602-506-3069"/>
--	--

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Expand functionality of UOCAVA website. Explore providing an online, fill-able FPCA utilizing technology to pull signature images from existing voter file interface to auto-populate VR record.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="150,000.00"/>
* b. Applicant	<input type="text" value="15,050.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="165,050.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system	<input style="width: 100px; height: 20px;" type="text"/>	\$ <input style="width: 100px; text-align: right;" type="text" value="99,200.00"/>	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>
2. Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.	<input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100px; text-align: right;" type="text" value="50,800.00"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
3.	<input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
4.	<input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
5. Totals		\$ <input style="width: 100px; text-align: right;" type="text" value="150,000.00"/>	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system	Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.		
a. Personnel	\$ 57,400.00	\$ 2,800.00	\$	\$
b. Fringe Benefits	0.00	0.00		
c. Travel	10,000.00	0.00		
d. Equipment	0.00	0.00		
e. Supplies	0.00	0.00		
f. Contractual	31,800.00	48,000.00		
g. Construction	0.00	0.00		
h. Other	0.00	0.00		
i. Total Direct Charges (sum of 6a-6h)	99,200.00	50,800.00		
j. Indirect Charges	0.00	0.00		
k. TOTALS (sum of 6i and 6j)	\$ 99,200.00	\$ 50,800.00	\$	\$
7. Program Income	\$ 0.00	\$ 0.00	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system.	\$ 14,350.00	\$	\$
9.	Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.	700.00		
10.				
11.				
12. TOTAL (sum of lines 8-11)		\$ 15,050.00	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ 150,000.00	\$ 90,000.00	\$ 22,500.00	\$
14. Non-Federal	\$ 15,050.00	3,762.50	3,762.50	
15. TOTAL (sum of lines 13 and 14)	\$ 165,050.00	\$ 93,762.50	\$ 26,262.50	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (Y		
		(b)First	(c) Second	(d) Thi
16.	Website upgrade to increase voter access & enhanced functionality of FPCA form interface with voter registration system.	\$ 0.00	\$ 0.00	\$
17.	Revision of reporting structure to provide for automated data gathering and reporting for FVAP and EAC survey.	0.00	0.00	
18.				
19.				
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
23. Remarks:			

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

28 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0015

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0015.

(NAME)

(SIGNATURE)

(DATE)

18 October 2011

Via Email:

tpatrick@risc.maricopa.gov

Ms. Tammy Patrick
Federal Compliance Officer
Maricopa County Elections Department
111 South 3rd Ave
Phoenix, AZ 85008-2294

Dear Ms. Patrick:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 14, 2011 at 1:00pm EST. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. In section D, there is \$10,000.00 allotted for trips to Washington, DC for 3 FVAP meetings. What is the significance of this travel?
2. Part II, Section I.A.5-Innovation of the BAA specifically states:
“Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”
Page 6 of the Technical Proposal “additional functions of the website will... increase the success rates of both the ballots returned electronically...” Does any portion of your proposal fund the electronic transmission of marked ballots in an actual election?

3. This proposal mentions use of the grant funds to facilitate modifications to automate data gathering as well as upgrade your existing website. How does the schedule that we are currently on (receipt of grant funding possibly at the end of November) affect your schedule?
4. In your proposal you mention the following indicators and goals:
 - Indicator: Increase the percentage of effectively cast ballots by UOCAVA voters.
 - Goal: Equal to, or better, participation rates of the general population.
 - Indicator: Reduce the percentage of ballots returned as undeliverable.
 - Goal: Equal to, or better, participation rates of the general population.
 - Indicator: Reduce the percentage of ballots not returned.
 - Goal: Equal to, or better, participation rates of the general population.
 - Indicator: Reduce the percentage of rejected ballots due to invalid or lack of signature.
 - Goal: Equal to, or better, participation rates of the general population.
 - Indicator: Reduce the percentage of rejected ballots due to late return.
 - Goal: Equal to, or better, participation rates of the general population.

What types of data can FVAP receive to verify the status of these indicators and goals?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0015 with Maricopa County

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP) provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Harris County is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0010-000 (dated 08 November 2011) was received in the amount of **\$150,000.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 14 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 28 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the revised documents following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative Grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – During the period of 15 November through 01 December 2011, the Recipient submitted all required post discussion documents.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 60,200.00	\$ -	\$ 60,200.00
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ 10,000.00	\$ -	\$ 10,000.00
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 79,800.00	\$ -	\$ 79,800.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 150,000.00	\$ -	\$ 150,000.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 150,000.00	\$ -	\$ 150,000.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
GENERAL CLASSIFICATION	BASE	PERCENTAGE
Personnel	\$ 60,200.00	40.13%
Fringe Benefits	\$ -	0.00%
Travel	\$ 10,000.00	6.67%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 79,800.00	53.20%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 150,000.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 150,000.00	

The Recipient's initial Application and Budget included **\$15,050.00** as matching funds for clerical labor. However, these costs were disallowed, as the terms and conditions of the BAA notified eligible entities that cost-sharing (or cost matching) was not acceptable.

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Phoenix will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Grant, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 28 April 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0015** with Orange County in the amount of **\$150,000.00** be approved in its final form.

DATE: **21 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 06/08/2012.

This vendor has chosen to opt out of the CCR Public Search.

DUNS: 090398475

DUNS PLUS4:

CAGE/NCAGE: 6ENN2

Legal Business Name: MARYLAND STATE BOARD OF ELECTIONS

Doing Business As (DBA): ADMINISTRATOR'S OFFICE

Division Name:

Division Number:

Company URL: <http://www.elections.state.md.us>

Physical Street Address 1: 151 WEST ST STE 200

Physical Street Address 2:

Physical City: ANNAPOLIS

Physical State: MD

Physical Foreign Province:

Physical Zip/Postal Code: 21401-2852

Physical Country: USA

Mailing Name: NIKKI TRELLA

Mailing Street Address 1: STATE BOARD OF ELECTIONS

Mailing Street Address 2: P.O. BOX 6486

Mailing City: ANNAPOLIS

Mailing State: MD

Mailing Foreign Province:

Mailing Zip/Postal Code: 21401-0486

Mailing Country: USA

Business Start Date: 10/01/1969

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: NIKKI TRELLA

Address Line 1: MARYLAND STATE BOARD OF ELECTIONS

Government Business Alternate POC

Name: ROSS GOLDSTEIN

Address Line 1: MARYLAND STATE BOARD OF ELECTIONS

Address Line 2: P.O. BOX 6486
City: ANNAPOLIS
State: MD
Foreign Province:
Zip/Postal Code: 21401-0486
Country: USA
U.S. Phone: 410-269-2843
Non-U.S. Phone:
Fax: 410-974-2019

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: NIKKI TRELLA
Address Line 1: MARYLAND STATE BOARD OF ELECTIONS
Address Line 2: P.O. BOX 6486
City: ANNAPOLIS
State: MD
Foreign Province:
Zip/Postal Code: 21401-0486
Country: USA
U.S. Phone: 410-269-2843
Non-U.S. Phone:
Fax: 410-974-2019

Address Line 2: P.O. BOX 6486
City: ANNAPOLIS
State: MD
Foreign Province:
Zip/Postal Code: 21401-0486
Country: USA
U.S. Phone: 410-269-2877
Non-U.S. Phone:
Fax: 410-974-2019

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: ROSS GOLDSTEIN
Address Line 1: MARYLAND STATE BOARD OF ELECTIONS
Address Line 2: P.O. BOX 6486
City: ANNAPOLIS
State: MD
Foreign Province:
Zip/Postal Code: 21401-0486
Country: USA
U.S. Phone: 410-269-2877
Non-U.S. Phone:
Fax: 410-974-2019



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION -- FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Baltimore 217 East Redwood Street, Suite 1800 Baltimore, MD 21202-3375	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Maryland State Board of Elections 151 West Street, Suite 200 Annapolis, MD 21401-2852 POC: Ms. Nikki Trella (410) 269-2843	4a. AWARD NUMBER H98210-12-1-0003 4b. AWARD DATE 31 October 2011	5a. FACE VALUE \$653,719.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 April 2015

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)

Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 31 OCT 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

* 1. Type of Submission:
 Preapplication
 Application
 Changed/Corrected Application

* 2. Type of Application:
 New
 Continuation
 Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received:
07/08/2011

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State: 07/14/2011

7. State Application Identifier: MD20110712-0523

8. APPLICANT INFORMATION:

* a. Legal Name: Maryland State Board of Elections

* b. Employer/Taxpayer Identification Number (EIN/TIN):
(b) (4)

* c. Organizational DUNS:
(b) (4)

d. Address:

* Street1: 151 West Street, Suite 200
Street2: _____
* City: Annapolis
County/Parish: Anne Arundel
* State: MD: Maryland
Province: _____
* Country: USA: UNITED STATES
* Zip / Postal Code: 21401-0486

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____ * First Name: Nikki
Middle Name: Baines
* Last Name: Trella
Suffix: _____

Title: Election Reform Division

Organizational Affiliation:
Maryland State Board of Elections

* Telephone Number: 410.269.2843

Fax Number: 410.974.2019

* Email: ntrella@elections.state.md.us

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachments

Delete Attachments

View Attachments

*** 15. Descriptive Title of Applicant's Project:**

Online Voter Registration & Ballot Marking and Counting: An Adaptable and Open Source Solution

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="653,719.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="653,719.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

*** Applicant Organization Name:**

Maryland State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Manager - Absentee

Prefix:

*** First Name:** Nikki

Middle Name: Baines

*** Last Name:** Trella

Suffix:

Title: Election Reform Director

Organizational Affiliation:

Maryland State Board of Elections

*** Street1:** 151 West Street, Suite 200

Street2: P.O. Box 6486

*** City:** Annapolis

County: Anne Arundel

*** State:** MD: Maryland

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 21401

*** Telephone Number:** 410.269.2843

Fax: 410.974.2019

*** Email:** ntrella@elections.state.md.us

Delete Entry

Next Person

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Electronic Absentee Systems for Elections	12.217	\$	\$	\$ 653,719.00	\$ 0.00	\$ 653,719.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 653,719.00	\$	\$ 653,719.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Electronic Absence Systems for Elections				
a. Personnel	\$ 0.00	\$	\$	\$	\$
b. Fringe Benefits	0.00				
c. Travel	0.00				
d. Equipment	159,550.00				159,550.00
e. Supplies	15,865.00				15,865.00
f. Contractual	478,304.00				478,304.00
g. Construction	0.00				
h. Other	0.00				
i. Total Direct Charges (sum of 6a-6h)	653,719.00				\$ 653,719.00
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$ 653,719.00	\$	\$	\$	\$ 653,719.00
7. Program Income	\$ 0.00	\$	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A-102) Page 1A

SECTION C - NON-FEDERAL RESOURCES

	(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.		\$ 0.00	\$	\$	\$ 0.00
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 653,719.00	\$ 355,654.00	\$ 140,865.00	\$ 78,600.00	\$ 78,600.00
14. Non-Federal	\$	0.00	0.00	0.00	0.00
15. TOTAL (sum of lines 13 and 14)	\$ 653,719.00	\$ 355,654.00	\$ 140,865.00	\$ 78,600.00	\$ 78,600.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

	(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
		(b) First	(c) Second	(d) Third	(e) Fourth
16.	Electronic Absentee Systems for Elections	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
17.					
18.					
19.					
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
---------------------	--	-----------------------	--

23. Remarks: In answering question 13, SBE assumed that the quarter breakdown represented the 1st quarter, 2nd quarter, etc of the grant period, not the federal fiscal year.

*Maryland State Board of Elections
Addendum to Volume I – Technical Proposal*



Grant Information:

Catalog of Federal Domestic Assistance Number: 12.217

BAA number: H98210-BAA-11-0001

Title of Proposal: Online Voter Registration & Ballot Marking and Counting: An Adaptable and Open Source Solution

Applicant Information:

CAGE Code: (b) (4)

DUNS number: (b) (4)

Applicant: Maryland State Board of Elections
Linda Lamone, State Administrator

Technical contact: Cheré Evans
Maryland State Board of Elections
P.O. Box 6486
Annapolis, Maryland 21401-0486
Office: 410.269.2935
Fax: 410.974.2019
Email: cevans@elections.state.md.us

Administrative contact: Nikki Baines Trella
Maryland State Board of Elections
P.O. Box 6486
Annapolis, Maryland 21401-0486
Office: 410.269.2843
Fax: 410.974.2019
Email: ntrella@elections.state.md.us

Proposed Period of Performance: Date of Award – April 2015¹

¹ SBE extends the initial period of performance from April 2013 to April 2015.

The Maryland State Board of Elections (SBE) proposes the following amendments to Volume 1 of its proposal:

Amendment #1

Amend § 1.3 Schedule and Milestones (page 10) to reflect that SBE will provide FVAP with data from the 2014 General Election. SBE adds an additional row in the table to reflect that data from the 2014 General Election will be provided by April 30, 2015.

1.3 Schedule and Milestones

Task	Project		End Date
	VR	AB	
Data collection for 2014 General Election			4/30/2015

Table 1 - Proposed Schedule and Milestones

- * VR is the online voter registration system.
- ** AB is the online absentee ballot delivery system and the proposed enhancements.

Amendment #2

Amend § 1.4 Reports (page 11) to reflect that SBE will provide FVAP with data from the 2014 General Election. SBE amends the section as follows (new text is underlined and stricken text is removed):

1.4 Reports

SBE proposes to provide performance, data and financial reports during the performance period of this project. Performance and data reports will be prepared monthly, and financial reports will be prepared quarterly. These reports will be submitted at the interval established by FVAP. The final report for the 2012 General Election will be provided by April 30, 2013.

SBE and OVF propose to provide monthly data reporting starting July 1, 2012, when the online voter registration system is scheduled for implementation. The monthly reports will incorporate data collection points, which will allow election officials to monitor usage and evaluate the impact of any outreach efforts. If outreach efforts do not have the desired effect, election officials can adjust their plans to distribute resources in an effective manner.

Reporting measurements will include:

1. A comparison of the submission and success of UOCAVA applicants using the online voter registration system to register to vote, update voter registration records, or request an absentee ballot against the submission and success of UOCAVA applicants using the Federal Post Card Application or other paper form
2. Data on the absentee ballot delivery methods requested by UOCAVA voters

3. A comparison of the success of UOCAVA voters using the online absentee ballot delivery system against the success of UOCAVA voters who received absentee ballots by mail
4. A comparison of the acceptance and error rate of UOCAVA ballots completed using the online absentee ballot delivery system against the acceptance and error rate of ballots completed manually

~~Upon request of FVAP, SBE will provide data reports after the grant performance period through the 2014 General Election. Without on-going funding, however, SBE would not be able to conduct and analyze a post-election voter survey. Reports after the final report for the 2012 General Election will **not** include data from post-election voter surveys.~~

Amendment #3

Amend § 2.7 Current and Pending Proposal Submissions (page 19) to reflect that SBE does not have a cost sharing agreement and does not have any current or pending proposals requesting funds for the proposed projects. SBE amends this section as follows:

~~In its 2011 Legislative Session, the Maryland General Assembly allocated \$250,000 of State funds for the development and implementation of an online voter registration system. These funds are currently budgeted for software modifications to the statewide voter registration system and web hosting expenses, and SBE has funds to pay the salaries and associated fringe benefits of SBE staff members who will develop and maintain the online voter registration system. SBE does not have any current or pending funding for the proposed security review or the research consultant. If SBE's proposal is funded, any unallocated State funds will be used in the following fiscal year for operations and maintenance of the online voter registration system.~~

~~Because SBE proposes to use in-house resources to develop and maintain the online absentee ballot delivery system, the salaries and associated fringe benefits of these employees are funded in both the current and next fiscal year. SBE does not, however, have current or pending funding for the QR barcode scanners, ballot on-demand printers, associated supplies, the proposed security review, the technical consultant for the online absentee ballot delivery system to supplement in-house resources, or the research consultant.~~

~~Since the webhosting costs apply to both proposed systems as well as other SBE projects, SBE proposes to share the costs of webhosting services between State funds and grant funds. SBE has allocated 50% of the costs for web hosting and software development costs to State funds and 50% to FVAP grant funds. Software development costs were likewise shared between the two funding sources.~~

SBE has no current or pending proposals requesting funds for the proposed projects.

Key Contacts Form

* Applicant Organization Name:

Maryland State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager - Absentee

Prefix:

* First Name: Nikki

Middle Name: Baines

* Last Name: Trella

Suffix:

Title: Election Reform Director

Organizational Affiliation:

Maryland State Board of Elections

* Street1: 151 West Street, Suite 200

Street2: P.O. Box 6486

* City: Annapolis

County: Anne Arundel

* State: MD: Maryland

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 21401

* Telephone Number: 410.269.2843

Fax: 410.974.2019

* Email: ntrella@elections.state.md.us

Key Contacts Form

* Applicant Organization Name:

Maryland State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Manager - VR

Prefix:

* First Name: Stacey

Middle Name:

* Last Name: Johnson

Suffix:

Title: System Administrator/Project Manager-MDVOTERS

Organizational Affiliation:

Maryland State Board of Elections

* Street1: 151 West Street, Suite 200

Street2: P.O. Box 6486

* City: Annapolis

County: Anne Arundel

* State: MD: Maryland

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 21401

* Telephone Number: 410.269.2925

Fax: 410.974.2019

* Email: sjohnson@elections.state.md.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/08/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="151 West Street, Suite 200"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Annapolis"/>
County/Parish:	<input type="text" value="Anne Arundel"/>
* State:	<input type="text" value="MD: Maryland"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="21401-0486"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Nikki"/>
Middle Name: <input type="text" value="Baines"/>	
* Last Name: <input type="text" value="Trella"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="410.369.2843"/>	Fax Number: <input type="text" value="410.974.2019"/>
---	---

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Online Voter Registration & Ballot Marking and Counting: An Adaptable and Open Source Solution

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="653,719.00"/>
* b. Applicant	<input type="text" value="250,000.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="903,719.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised			
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)		
1. Electronic Absentee Systems for Elections	12.217	\$		\$	653,719.00	\$	
2.							
3.							
4.							
5. Totals		\$		\$	653,719.00	\$	

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee Systems for Elections			
a. Personnel	\$ 0.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	0.00			
d. Equipment	230,654.00			
e. Supplies	15,865.00			
f. Contractual	407,200.00			
g. Construction	0.00			
h. Other	0.00			
i. Total Direct Charges (sum of 6a-6h)	653,719.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 653,719.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	Electronic Absentee Systems for Elections	\$ 250,000.00	\$	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)		\$ 250,000.00	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter
13. Federal	\$ 653,719.00	\$ 355,654.00	\$ 140,865.00	\$
14. Non-Federal	\$ 250,000.00	\$ 62,500.00	\$ 62,500.00	\$
15. TOTAL (sum of lines 13 and 14)	\$ 903,719.00	\$ 418,154.00	\$ 203,365.00	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (Y		
		(b) First	(c) Second	(d) Thi
16.	Electronic Absentee Systems for Elections	\$ 0.00	\$ 0.00	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
---------------------	--	-----------------------	--

23. Remarks: In answering question 13, SBE assumed that the quarter breakdown represented the 1st quarter, 2nd quarter, etc of the grant fiscal year.

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa , FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0003 with the Maryland State Board of Elections

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the Maryland State Board of Elections is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0005-000 (dated 21 October 2011) was received in the amount of **\$653,719.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on DD MONTH 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ 230,654.00	\$ -	\$ 230,654.00
Supplies	\$ 15,865.00	\$ -	\$ 15,865.00
Contractual	\$ 407,200.00	\$ -	\$ 407,200.00
Construction	\$ -	\$ -	\$ -
Other	\$ 83,750.00	\$ -	\$ 83,750.00
Total Direct Charges	\$ 737,469.00	\$ -	\$ 737,469.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 737,469.00	\$ -	\$ 737,469.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis. Pursuant to discussions, The Recipient's Application was revised on 04 October 2011 and as further revised 25 October 2011.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASIS	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ 159,550.00	24.41%
Supplies	\$ 15,865.00	2.43%
Contractual	\$ 478,304.00	73.17%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 653,719.00	
Indirect Charges	\$ -	
TOTAL	\$ 653,719.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Baltimore, will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through DD MONTH 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that H98210-12-1-0003 with the Maryland State Board of elections in the amount of \$653,719.00 be approved in its final form.

DATE: 31 October 2011

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0003

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are **authorized** to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0003.

(NAME)

(SIGNATURE)

(DATE)

STATE OF MARYLAND

**Single Audit
Together with
Reports of Independent Public Accountants**

Year Ended June 30, 2010



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Public Accountants	1
Report of Independent Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with <i>Government Auditing Standards</i>	6
Report of Independent Public Accountants on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	10
Schedule of Expenditures of Federal Awards	15
Notes to the Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs	
Section I – Summary of Independent Public Accountant’s Results	42
Section II – Financial Statement Findings	44
Section III – Federal Award Findings and Questioned Costs	46
Section IV – Summary Schedule of Prior Year Audit Findings	88



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot
Comptroller of Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of and for the year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements, schedules and supplementary information are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of (1) certain Economic Development Loan Programs; (2) the Maryland State Lottery Agency; (3) the Maryland Transportation Authority; (4) the Economic Development Insurance Programs; (5) certain foundations included in the higher education component units; (6) the Maryland Food Center Authority; (7) the Maryland Technology Development Corporation; and (8) the Investment Trust Fund, which represent the percentages of the total assets, total net assets, and total operating revenues or additions included in the financial statements.

	<u>Percentage of Opinion Unit</u>		
	<u>Total Assets</u>	<u>Total Net Assets</u>	<u>Total Operating Revenues</u>
Business-Type Activities			
Major -			
Certain Economic Development Loan Programs	30.7 %	8.7 %	4.3 %
Maryland State Lottery Agency	2.1	0.4	49.3
Maryland Transportation Authority	46.0	48.1	15.0
Non-Major -			
Economic Development Insurance Programs	0.9	1.7	0.1
Total percentage of business-type activities	<u>79.7 %</u>	<u>58.9 %</u>	<u>68.7 %</u>
Component Units			
Major -			
Certain foundations included in the higher education component units	12.8 %	15.5 %	13.5 %
Non-Major -			
Maryland Food Center Authority	0.3	0.4	0.4
Maryland Technology Development Corporation	0.3	0.1	1.7
Total percentage of component units	<u>13.4 %</u>	<u>16.0 %</u>	<u>15.6 %</u>
Fiduciary Funds			
Investment Trust Fund	<u>5.8 %</u>	<u>6.9 %</u>	<u>75.4 %</u>



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Schedule of Expenditures of Federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal awards is prepared on the basis of accounting described in Note 2 to the Schedule of Expenditures of Federal awards and excludes the expenditures associated with the Federal financial assistance programs for the Maryland Water Quality Financing Administration, an administration of the Maryland Department of the Environment; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State, and the Maryland Health Insurance program, part of the general fund of the State, that had separate OMB Circular A-133 audits. The information in the Schedule of Expenditures of Federal awards has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis; required supplemental schedules of funding progress and employer contributions for the Maryland Pension and Retirement System, the Maryland Transit Administration Pension Plan, and Other Post-employment Benefits Plan; and the respective budgetary



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

comparison for the budgetary general, special and Federal funds as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State's basic financial statements. The combining financial statements, schedules, introductory and statistical sections, and financial schedules required by law, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report and the financial schedules required by law have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland
December 10, 2010

SB & Company, LLC

THIS PAGE INTENTIONALLY LEFT BLANK

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Peter Franchot
Comptroller of Maryland

We have audited the basic financial statements of the State of Maryland (the State), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the basic financial statements included disclosures regarding our references to the reports of other auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICES

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control over financial reporting, which we have reported to the management of the University System of Maryland, and Baltimore City Community College in separate letters dated November 2, 2010, and November 10, 2010, respectively.

This report is intended solely for the information and use of the State's management, the U.S. Department of Health and Human Services (cognizant agency), Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
December 10, 2010

SB & Company, LLC

THIS PAGE INTENTIONALLY LEFT BLANK

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS REPORT ON
COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Peter Franchot
Comptroller of Maryland

Compliance

We have audited the State of Maryland's (the State) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. The State's major Federal programs are identified in the Summary of Independent Public Accountant's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The State's basic financial statements include the operations of the Maryland Water Quality Financing Administration, an administration of the Maryland Department of the Environment; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State; and the Maryland Health Insurance Program, part of the general fund of the State, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of these entities because the State engaged other auditors to perform a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State's compliance with those requirements.



In our opinion, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. However, the results of our audit procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1, 2010-2, 2010-3, 2010-4, 2010-5, 2010-6, 2010-8, 2010-9, 2010-10, 2010-11, 2010-12, 2010-13, 2010-14, 2010-15, 2010-16, 2010-17 and 2010-18.

Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the State's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1, 2010-2, 2010-4, 2010-7, 2010-8, 2010-10, 2010-12, 2010-13, 2010-14, 2010-15, 2010-16 and 2010-18. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The State's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the State's responses and, accordingly, we express no opinion on the responses.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

This report is intended solely for the information and use of the State's management, the U.S. Department of Health and Human Services (cognizant agency), Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
March 2, 2011

SB + Company, LLC

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US DEPARTMENT OF AGRICULTURE (USDA)						
Contract/Other	10.Unknown	\$ -	\$ -	\$ 298,230		\$ 298,230
Contract/Other	10.USDA.-	-	-	35,592		35,592
	AG3198P090038					
Contract/Other	10.USDA.-	-	-	37,839		37,839
	CO31014C09					
Agricultural Research: Basic and Applied Research	10.001	-	-	1,637,890		1,637,890
Plant & Animal Disease, Pest Control & Animal Care	10.025	-	-	1,544,671		1,544,671
Wild Life Service	10.028	-	-	61,347		61,347
Commodity Loans & Loan Deficiency Payments	10.051	-	-	77,607		77,607
Conservation Reserve Program	10.069	-	-	30,476		30,476
Market Protection & Promotion	10.163	-	-	257,766		257,766
Grants for Agricultural Research, Special Research Grants	10.200	-	-	14,655		14,655
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	-	1,267,956		1,267,956
Grants for Agricultural Research: Competitive Research Grants	10.206	-	-	91,795		91,795
National Research Initiative Competitive Grants Program	10.206	4,547	-	-		4,547
Pass-Through Grants - University of Vermont	10.215	-	-	55,389		55,389
Sustainable Agriculture Research and Education	10.215	-	-	828,394		828,394
1890 Institution Capacity Building Grants	10.216	-	-	723,770		723,770
Agricultural and Rural Economic Research	10.250	-	-	27,699		27,699
Integrated Programs	10.303	-	-	607,155		607,155
Pass-Through Pennsylvania State University	10.303	-	-	751		751
Pass-Through Auburn University	10.304	-	-	3,944		3,944
Pass-Through University of Vermont	10.309	-	-	1,817		1,817
Specialty Crop Research Initiative	10.309	-	-	403,310		403,310
Pass-Through Auburn University	10.316	-	-	2,162		2,162
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	-	-	38,998		38,998
Crop Insurance	10.450	-	-	527,052		527,052
Community Outreach and Assistance Partnership Program	10.455	-	-	35,994		35,994
Egg Product Inspection	10.476	-	-	127,995		127,995
Pass-Through University of Delaware	10.500	-	-	21,463		21,463
Cooperative Extension Service	10.500	-	-	6,025,700		6,025,700
Pass-Through Kansas State University	10.500	-	-	35,436		35,436
Pass-Through Auburn University	10.500	-	-	1,783		1,783
Pass-Through Northeast Center for Risk Management Association	10.500	-	-	33,379		33,379
Pass-Through University of Vermont	10.500	-	-	12,505		12,505
Pass-Through Utah State University	10.500	-	-	7,221		7,221
Dept. of Agriculture USDA	10.550	-	-	18,032,000		18,032,000
Supplemental Nutritional Assistance Program Cluster (SNAP)						
Food Stamps	10.551	-	-	836,291,525		836,291,525
Admin. Funding for Food Stamp Program - ARRA	10.561	-	-	2,088,695		2,088,695
Admin. Funding for Food Stamp Program	10.561	-	-	51,168,377		51,168,377
Total SNAP Cluster					\$ 889,548,597	
Child Nutrition Cluster						
School Breakfast Program	10.553	-	-	36,918,861		36,918,861
Special Milk Program for Children	10.556	-	-	388,041		388,041
Summer Food Service Program for Children - (SFSPC)	10.559	-	-	132,477,247		132,477,247
Total Child Nutrition Cluster					169,784,149	
Team Nutrition Training for Healthy School Meals	10.554	-	-	24,997		24,997
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	-	99,385,040		99,385,040
Child & Adult Care Food Program	10.558	-	-	43,349,405		43,349,405
Administrative Expenses for Child Nutrition	10.560	-	-	2,859,374		2,859,374
Emergency Food Assistance Program Cluster (TEFAP)						
Emergency Food Assistance Program - ARRA	10.569	-	-	323,150		323,150
Emergency Food Assistance Program (Admin. Costs)	10.568	-	-	829,016		829,016
Emergency Food Assistance Program (Food Commodities)	10.569	-	-	7,345,023		7,345,023
Total TEFAP Cluster					8,497,189	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	-	-	492,788		492,788
Team Nutrition Training	10.574	-	-	19,317		19,317
Farmers Market Nutrition Program (SFMNP)	10.576	-	-	249,053		249,053
Administrative Review & Training	10.579	-	-	99,639		99,639
Grant Dietary - ARRA	10.579	-	-	1,305,394		1,305,394
Fresh Fruit & Vegetable Program	10.582	-	-	1,497,591		1,497,591
Agricultural Mediation Program	10.645	-	-	141,940		141,940
Cooperative Forestry Assistance	10.664	-	-	1,422,887		1,422,887
Urban & Community Forestry Program	10.675	-	-	24,819		24,819
Forest Legacy Program	10.676	-	-	7,824		7,824
Forest Stewardship Program	10.678	-	-	123,959		123,959
1890 Land Grant Institution Rural Entrepreneurial Outreach Program	10.856	-	-	100,000		100,000
Environmental Quality	10.912	-	-	737,559		737,559
Agricultural Land Preservation	10.913	-	-	6,126,627		6,126,627
Agricultural Statistical Reports	10.950	-	-	10,500		10,500
Technical Agricultural Assistance	10.960	-	-	3,614,640		3,614,640
International Training: Foreign Participant	10.962	-	-	11,054		11,054
Agricultural Marketing Service	10.RD	8,387	-	-		8,387
Agricultural Research Service	10.RD	1,729,607	-	-		1,729,607
Animal and Plant Health Inspection Service	10.RD	140,045	-	-		140,045
Economic Research Service	10.RD	147,676	-	-		147,676
Food Safety and Inspection Service	10.RD	14,511	-	-		14,511
Foreign Agricultural Service	10.RD	878,719	-	-		878,719

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US DEPARTMENT OF AGRICULTURE (USDA) (continued)						
Forest Service	10.RD	\$ 226,450	\$ -	\$ -		\$ 226,450
National Agricultural Statistics Service	10.RD	6,970	-	-		6,970
Natural Resources Conservation Service	10.RD	657,394	-	-		657,394
Other Department of Agriculture	10.RD	16,499	-	-		16,499
Pass-Through Cornell University	10.RD	114,279	-	-		114,279
Pass-Through Delaware State University	10.RD	12,531	-	-		12,531
Pass-Through Indiana University-Purdue University Indianapolis	10.RD	21,549	-	-		21,549
Pass-Through Maryland Soybean Board	10.RD	1,433	-	-		1,433
Pass-Through National Fish & Wildlife Foundation	10.RD	93,506	-	-		93,506
Pass-Through North Carolina State University	10.RD	1,076	-	-		1,076
Pass-Through Ohio State University	10.RD	9,017	-	-		9,017
Pass-Through Pennsylvania State University	10.RD	79,739	-	-		79,739
Pass-Through University of Massachusetts Dartmouth	10.RD	36,147	-	-		36,147
Pass-Through University of Vermont	10.RD	21,642	-	-		21,642
Pass-Through University of Wisconsin	10.RD	55,313	-	-		55,313
Pass-Through Virginia Polytechnic Institute and State University	10.RD	655	-	-		655
Pass-Through, Rutgers, the State University of New Jersey	10.RD	12,451	-	-		12,451
The National Institute of Food and Agriculture (NIFA)	10.RD	8,776,484	-	-		8,776,484
Total US Department of Agriculture		13,066,627	-	1,262,344,083		1,275,410,710
DEPARTMENT OF COMMERCE (DOC)						
Contract/Other	11.SB134108-SE0756	-	-	6,653		6,653
Contract/Other	11.SB134109-SE0779	-	-	21,574		21,574
Contract/Other	11.SB134109-SE0916	-	-	4,985		4,985
Contract/Other	11.YA132307-CN0048	-	-	1,604,842		1,604,842
Census Special Tabulations and Services	11.005	-	-	41,478		41,478
Economic Development: Technical Assistance	11.303	-	-	137,600		137,600
Economic Adjustment Assistance	11.307	-	-	308,150		308,150
	11903134.000					
Economic Adjustment Assistance	11.307-014903271	-	-	1,281,897		1,281,897
Economic Adjustment Assistance	11.307-014903420-01490342001	-	-	3,517,264		3,517,264
Interjurisdictional Fisheries Act of 1986	11.407	-	-	20,268		20,268
Pass-Through Maryland Sea Grant College	11.417	-	-	277,666		277,666
Sea Grant Support	11.417	2,270	-	-		2,270
Coastal Zone Management Administration Awards	11.419	-	-	4,979,127		4,979,127
Pass-Through PBS&J (Atlanta, GA)	11.419	-	-	22,936		22,936
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	748,002		748,002
Financial Assistance for National Centers for Coastal Ocean Science	11.426	-	-	431,896		431,896
Marine Mammal Data Program	11.439	-	-	47,240		47,240
Environmental Sciences, Applications, Data and Education	11.440	-	-	5,833		5,833
Unallied Industry Projects	11.452	-	-	3,400,274		3,400,274
Unallied Management Program	11.454	-	-	35,548		35,548
Pass-Through Sea Education Association Inc	11.455	-	-	13,110		13,110
Chesapeake Bay Studies	11.457	-	-	1,142,813		1,142,813
Pass-Through Maryland Sea Grant College	11.457	-	-	14,899		14,899
Chesapeake Bay Studies	11.457	578,669	-	-		578,669
Tsunami Mitigation 2008	11.467	-	-	1,500		1,500
Unallied Science Program	11.472	-	-	8,550		8,550
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	235,424		235,424
Coastal Ocean Research Program	11.478	-	-	70,277		70,277
Educational Partnership Programs	11.481	-	-	2,148,518		2,148,518
Environmental Entrepreneurship Program	11.481	-	-	29,400		29,400
Public Safety Interop Comm. Grant Prog FY 2007	11.555	-	-	4,025,822		4,025,822
Pass-Through Maryland Broadband Cooperative, Inc - ARRA	11.558	-	-	329,854		329,854
Weights and Measures Service	11.606	-	-	198,679		198,679
Measurement & Engineering Research & Standards	11.609	-	-	601,753		601,753
Measurement & Engineering Research & Standards - ARRA	11.609	231,653	-	-		231,653
Pass-Through Temple University - ARRA	11.609	19	-	-		19
Manufacturing Extension Partnership	11.611	-	-	512,654		512,654
Congressionally Identified Projects	11.617	-	-	259,146		259,146
Basic Minority Business Development Centers	11.800	-	-	197,130		197,130
National Institute for Standards and Technology	11.RD	13,710,657	-	-		13,710,657
National Oceanic and Atmospheric Administration	11.RD	10,772,327	-	-		10,772,327
Pass-Through Rutgers, The State University of New Jersey	11.RD	148,672	-	-		148,672
Pass-Through Chesapeake Research Consortium	11.RD	541,853	-	-		541,853
Pass-Through Florida Fish & Wildlife Conservation Commission	11.RD	84,016	-	-		84,016
Pass-Through GreenEyes, LLC	11.RD	55,074	-	-		55,074
Pass-Through Maryland Sea Grant College	11.RD	157,352	-	-		157,352
Pass-Through Metropolitan Washington Council of Governments	11.RD	14,826	-	-		14,826
Pass-Through North Pacific Research Board	11.RD	132,394	-	-		132,394
Pass-Through Oak Management, Inc	11.RD	44,327	-	-		44,327
Pass-Through Oyster Recovery Partnership	11.RD	231,638	-	-		231,638

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF COMMERCE (DOC) (continued)						
Pass-Through Research Foundation of The City University of New York	11.RD	\$ 117,688	\$ -	\$ -		\$ 117,688
Pass-Through University of Massachusetts	11.RD	17,922	-	-		17,922
Pass-Through University of New Hampshire	11.RD	10,815	-	-		10,815
Pass-Through University of North Carolina	11.RD	14,024	-	-		14,024
Pass-Through University of Texas- Austin	11.RD	18,754	-	-		18,754
Pass-Through Virginia Marine Research Corp.	11.RD	608	-	-		608
US Census Bureau	11.RD	1,338,170	-	-		1,338,170
Total Department of Commerce		28,223,728	-	26,682,762		54,906,489
DEPARTMENT OF DEFENSE (DOD)						
Contract/Other	12.Unknown	-	-	256,916		256,916
Contract/Other - National Defense University. IPA Contract	12.070	-	-	193,404		193,404
Contract/Other	12.H9400308-P8026	-	-	65,000		65,000
Contract/Other - NSA	12.H98230-09-C-0895	-	-	32,774		32,774
Contract/Other - Defense Information Systems Agency	12.HC1047-05-D-4015	-	-	988,808		988,808
Contract/Other - National Defense University						-
Pass-Through University of California	12.RD	157,490	-	-		157,490
Pass-Through University of California	12.RD	183,799	-	-		183,799
Procurement Technical Assistance for Business Firms	12.002	-	-	466,552		466,552
Pass-Through Combustion Research & Flow Technology	12.08C0687C363	114,997	-	-		114,997
Pass-Through General Vortex Energy	12.091	91,467	-	-		91,467
Pass-Through Battelle Pacific Northwest National Laboratory - ARRA	12.106946	-	-	131,431		131,431
Planning Assistance to States	12.110	-	-	105,714		105,714
State Memo of Agreement Prog for Reimb of Tech Service	12.113	-	-	695,522		695,522
High Atom Number in Microsized Atom Traps	12.300	-	-	83,555		83,555
Basic and Applied Scientific Research	12.300	-	-	208,818		208,818
Pass-Through Iktara and Associates	12.300	-	-	9,948		9,948
Basic and Applied Scientific Research	12.300	503,032	-	-		503,032
Large-Number and Individual Atom Microchip Traps for Sensor Applications and Fundamental Studies	12.300	-	-	27,103		27,103
National Guard Military Operations & Maint. - ARRA	12.401	-	-	18,872,049		18,872,049
National Guard Civilian Youth Opportunities	12.404	-	-	1,704,539		1,704,539
Military Medical Research & Development	12.420	-	-	1,602		1,602
Basic Scientific Research	12.431	-	-	88,796		88,796
Basic Scientific Research	12.431	1,521,413	-	-		1,521,413
Pass-Through L-3 Communications	12.431	31,060	-	-		31,060
Pass-Through Bryn Mawr College	12.550	-	-	19,631		19,631
Pass-Through Institute of International Education	12.550	-	-	427,691		427,691
Pass-Through Institute of International Education	12.551	-	-	65,143		65,143
Community Econ. Adjustment Planning Assistance	12.607	-	-	2,026,739		2,026,739
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	203,946		203,946
Pass-Through Academy of Applied Science	12.630	-	-	7,799		7,799
Basic, Applied, Advanced Research in Science & Engineering	12.630	10,181	-	-		10,181
Moloz Week Energy	12.678	-	-	466,269		466,269
Air Force Defense Research Sciences Program	12.800	-	-	154,721		154,721
Air Force Defense Research Sciences Program	12.800	24,698	-	-		24,698
Pass-Through Princeton University - ARRA	12.800	132,054	-	-		132,054
Language Grant Program	12.900	-	-	109,484		109,484
Mathematical Sciences Grants Program	12.901	-	-	652,331		652,331
Mathematical Sciences Grants Program	12.901	169,991	-	-		169,991
Information Security Grant Program	12.902	-	-	214,375		214,375
Pass-Through BBNT Solutions LLC	12.95000094	156,738	-	-		156,738
Pass-Through Johns Hopkins University	12.APL-940720	-	-	9,355		9,355
Pass-Through Energy Concepts, LLC - ARRA	12.Contract No. 09123055	19,955	-	-		19,955
Pass-Through ManTech International Corporation	12.MSD07SNNG-07CA18C014	32,110	-	-		32,110
Defense Advanced Research Projects Agency	12.RD	2,682,609	-	-		2,682,609
Department of Air Force, Office of Scientific Research	12.RD	2,750,818	-	-		2,750,818
Department of Army, Army Research Office	12.RD	109,340	-	-		109,340
Department of the Air Force, Material Command	12.RD	9,464,183	-	-		9,464,183
Department of the Army, Office of the Chief of Engineers	12.RD	387,554	-	-		387,554
Department of the Navy, Office of Chief of Naval Research	12.RD	20,580,100	-	-		20,580,100
National Geospatial Intelligence Agency	12.RD	90,563	-	-		90,563
National Security Agency	12.RD	34,722,637	-	-		34,722,637
Office of the Secretary of Defense	12.RD	2,059,771	-	-		2,059,771
Other Department of Defense	12.RD	919,525	-	-		919,525
Pass-Through Advance Thermal and Environmental	12.RD	16,791	-	-		16,791
Pass-Through AGEISS	12.RD	13,812	-	-		13,812
Pass-Through Argonne National Laboratory	12.RD	121,606	-	-		121,606
Pass-Through Auburn University	12.RD	5,087	-	-		5,087
Pass-Through BAE Systems Advance Information Technologies	12.RD	930,300	-	-		930,300
Pass-Through BAE Systems Information Technologies	12.RD	554,675	-	-		554,675
Pass-Through Battelle Memorial Institute	12.RD	22	-	-		22

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF DEFENSE (DOD) (continued)						
Pass-Through Battelle Memorial Institute	12.RD	\$ 34,451	\$ -	\$ -		\$ 34,451
Pass-Through Bell Communications Research (Bellcore)	12.RD	353,588	-	-		353,588
Pass-Through Brown University	12.RD	336,637	-	-		336,637
Pass-Through California Institute of Technology	12.RD	478,693	-	-		478,693
Pass-Through Clark University	12.RD	41,265	-	-		41,265
Pass-Through Columbia University	12.RD	148,258	-	-		148,258
Pass-Through CPU Technology, Inc	12.RD	125,403	-	-		125,403
Pass-Through Energetics Technology Center	12.RD	87,523	-	-		87,523
Pass-Through Exponent, Inc	12.RD	82,546	-	-		82,546
Pass-Through Georgia Institute of Technology	12.RD	223,622	-	-		223,622
Pass-Through Henry Jackson Foundation	12.RD	36,242	-	-		36,242
Pass-Through Institute of International Educations	12.RD	1,133,673	-	-		1,133,673
Pass-Through International Business Machines, Corp. (IBM)	12.RD	323,222	-	-		323,222
Pass-Through Johns Hopkins University	12.RD	49,999	-	-		49,999
Pass-Through Johns Hopkins University	12.RD	95,664	-	-		95,664
Pass-Through Lynntech	12.RD	43,292	-	-		43,292
Pass-Through Michigan State University	12.RD	8,993	-	-		8,993
Pass-Through New Mexico State University	12.RD	111,733	-	-		111,733
Pass-Through Ohio State University	12.RD	254,263	-	-		254,263
Pass-Through Penn State University	12.RD	62,035	-	-		62,035
Pass-Through Qualtech Research, Inc	12.RD	204,547	-	-		204,547
Pass-Through Rensselaer Polytechnic Institute	12.RD	371,025	-	-		371,025
Pass-Through Rensselaer Polytechnic Institute	12.RD	9,023	-	-		9,023
Pass-Through Rice University	12.RD	67,963	-	-		67,963
Pass-Through Rice University	12.RD	214,032	-	-		214,032
Pass-Through Rutgers, State University of New Jersey	12.RD	19,640	-	-		19,640
Pass-Through Rutgers, The State University of New Jersey	12.RD	91,714	-	-		91,714
Pass-Through Samueli Institute	12.RD	12,785	-	-		12,785
Pass-Through Science Applications International Corp	12.RD	25,161	-	-		25,161
Pass-Through Smart Information Flow Technologies	12.RD	82,896	-	-		82,896
Pass-Through SRI International	12.RD	124,562	-	-		124,562
Pass-Through Stanford University	12.RD	56	-	-		56
Pass-Through Stevens Institute of Technology	12.RD	90,153	-	-		90,153
Pass-Through Technion Research and Development Foundation	12.RD	285,674	-	-		285,674
Pass-Through Texas University	12.RD	90,602	-	-		90,602
Pass-Through The RETEC Group, Inc	12.RD	28,573	-	-		28,573
Pass-Through University of Arizona	12.RD	5,072	-	-		5,072
Pass-Through University of California, Berkeley	12.RD	33,919	-	-		33,919
Pass-Through University of California, Irvine	12.RD	81,256	-	-		81,256
Pass-Through University of Illinois	12.RD	144,907	-	-		144,907
Pass-Through University of Michigan	12.RD	50,284	-	-		50,284
Pass-Through University of Nevada, Las Vegas	12.RD	223,512	-	-		223,512
Pass-Through University of Pennsylvania	12.RD	66,939	-	-		66,939
Pass-Through University of Rochester Institute of Optics	12.RD	320,870	-	-		320,870
Pass-Through University of Washington	12.RD	23,839	-	-		23,839
Pass-Through University of Washington	12.RD	36,036	-	-		36,036
Pass-Through University of Wisconsin	12.RD	786	-	-		786
Pass-Through Woods Hole Oceanographic Institute	12.RD	3,709	-	-		3,709
Total Pass-Through University of Illinois-Urbana/Champaign	12.RD	142,059	-	-		142,059
U.S. Army, Materiel Command	12.RD	10,901,621	-	-		10,901,621
U.S. Army, Medical Command	12.RD	5,892,797	-	-		5,892,797
University of Uniformed Services of the Health Sciences	12.RD	71,421	-	-		71,421
Pass-Through Alion Science and Technology Group	12.SUB1290705	28,571	-	-		28,571
Pass-Through Battelle Memorial Institute	12.TCN09006	40,850	-	-		40,850
Total Department of Defense		102,376,335	-	28,290,015		130,666,349
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (HUD)						
Department of Housing & Urban Development	14.000	-	-	1,409,840		1,409,840
TCAP - ARRA	14.000	-	-	11,179,889		11,179,889
Supportive Housing for Persons with Disabilities	14.181	-	-	293,155		293,155
Section 8 Project - Based Cluster						
Section 8 Housing Assistance Payments Program	14.195	-	-	168,403,908		168,403,908
Lower Income Housing Assistance Program - Section 8	14.856	-	-	358,218		358,218
Total Section 8 Cluster					168,762,126	
Community Development Block Grants/Entitlement Grants	14.218	-	-	62,900		62,900
Pass-Through City of Cumberland	14.218	-	-	3,000		3,000
Community Development Block Grants Cluster (CDBG)						
Community Development Block Grant/State's Program	14.228	-	-	23,063,730		23,063,730
Community Development Block Grant - ARRA	14.228	-	-	181,684		181,684
Total CDBG Cluster					23,245,414	
Housing Assistance	14.231	-	-	363,263		363,263
HPRP - ARRA	14.231	-	-	1,469,365		1,469,365
Supportive Housing Program	14.235	-	-	679,709		679,709
Shelter Plus Care	14.238	-	-	3,415,655		3,415,655
HOME Investment Partnership Program	14.239	-	-	9,144,533		9,144,533
Housing Opportunities for Persons with AIDS	14.241	-	-	713,253		713,253
Community Dev. Block Grants/Brownfields Economic Dev. Initiative	14.246	-	-	130,417		130,417
Fair Housing Assistance Program: State & Local	14.401	-	-	433,121		433,121
Historically Black Colleges and Universities Programs	14.520	-	-	123,624		123,624
HBCU Program	14.520	-	-	226,031		226,031
Section 8 Housing Choice Vouchers	14.871	-	-	16,820,492		16,820,492

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (HUD) (continued)						
Healthy Homes and Lead Hazard Control Programs	14.901	\$ -	\$ -	\$ 8,065		\$ 8,065
Total Department of Housing & Urban Development		-	-	238,483,852		238,483,852
DEPARTMENT OF THE INTERIOR (DOI)						
Reg of Surface Coal Mining & Surface Effects of Underground Coal Mining	15.250	-	-	725,277		725,277
Abandoned Mine Land Reclamation (AMLR) Program	15.252	-	-	1,410,197		1,410,197
Fish and Wildlife Cluster						
Sport Fish Restoration	15.605	-	-	4,966,964		4,966,964
Wildlife Restoration	15.611	-	-	2,605,914		2,605,914
Total Fish and Wildlife Cluster					7,572,878	
Fish & Wildlife Management Assistance	15.608	-	-	52,266		52,266
Cooperative Endangered Species Conservation Fund	15.615	-	-	1,047,059		1,047,059
Clean Vessel Act	15.616	-	-	271,966		271,966
Wildlife Conservation Appreciation	15.617	-	-	11,315		11,315
North American Wetlands Conservation	15.623	-	-	802,079		802,079
Landowner Incentive	15.633	-	-	261,671		261,671
State Wildlife Grants	15.634	-	-	831,202		831,202
Pass-Through North Dakota Game and Fish Department	15.634	-	-	15,053		15,053
Challenge Cost Share	15.642	-	-	6,512		6,512
US Geological Survey: Research & Data Acquisition						
Pass-Through University of Maryland Baltimore County Research Park Corp	15.808	-	-	29,493		29,493
U.S. Geological Survey: Research and Data Acquisition	15.808	-	-	28,641		28,641
National Geological & Geophysical Data Preservation Program	15.814	-	-	64,242		64,242
Historic Preservation Fund Grants-In-Aid	15.904	-	-	902,628		902,628
Outdoor Recreation - Acquisition, Development & Planning	15.916	-	-	23,405		23,405
Native American Graves Protection & Repatriation Act	15.922	-	-	3,357		3,357
National Center for Preservation Technology & Training	15.923	-	-	11,891		11,891
Save America's Treasures	15.929	-	-	1,767,317		1,767,317
Chesapeake Bay Gate Grants	15.930	-	-	32,548		32,548
Chesapeake Bay Gateways Network	15.930	-	-	1,647		1,647
National Park Service	15.RD	889,487	-	-		889,487
Other Department of Interior - Research and Development	15.RD	297,642	-	-		297,642
Pass-Through America View, Inc	15.RD	38,750	-	-		38,750
Pass-Through Caroline Soil Conservation District	15.RD	76,012	-	-		76,012
Pass-Through Chesapeake Watershed Cooperative Ecosystem Studies Unit	15.RD	4,766	-	-		4,766
Pass-Through Cooperative Ecosystem Studies Units	15.RD	40,535	-	-		40,535
U.S. Fish and Wildlife Service	15.RD	11,001	-	-		11,001
U.S. Geological Survey	15.RD	603,549	-	-		603,549
Total Department of Interior (DOI)		1,961,742	-	15,872,644		17,834,386
DEPARTMENT OF JUSTICE (DOJ)						
Contract/Other	16.Unknown	-	-	2,511,362		2,511,362
Marijuana Eradication	16.004	-	-	102,913		102,913
Sexual Assault Services Formula	16.017	-	-	10,764		10,764
Offender Reentry Program	16.202	-	-	69,608		69,608
Juvenile Accountability Incentive Block Grants	16.523	-	-	773,374		773,374
Reduce Violent Crimes Against Women on Campus	16.525	-	-	125,589		125,589
Safe Havens for Children	16.527	-	-	4,412		4,412
Juvenile Justice & Delinquency Prevention: Allocation to States	16.540	-	-	1,056,234		1,056,234
Missing Children's Assistance	16.543	-	-	456,482		456,482
Title V: Delinquency Prevention Program	16.548	-	-	37,635		37,635
MD Justice Statistics Program - SACS	16.550	-	-	61,045		61,045
National Criminal History Improvement Program (NCHIP)	16.554	-	-	365,275		365,275
National Institute of Justice Research, Evaluation, & Development Projects Grants	16.560	-	-	214,103		214,103
Forensic DNA Lab Improvement	16.564	-	-	24,244		24,244
Crime Victim Assistance	16.575	-	-	7,845,774		7,845,774
Crime Victim Assistance - ARRA	16.575	-	-	372,454		372,454
Crime Victim Compensation	16.576	-	-	4,002,000		4,002,000
Byrne Formula Grant Program	16.579	-	-	65,205		65,205
Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grant Prog	16.580	-	-	127,590		127,590
Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grant Prog	16.580	-	-	3,146		3,146
Edward Byrne Memorial	16.580	-	-	27,391		27,391
Violence Against Women Formula Grants	16.588	-	-	2,134,797		2,134,797
Violence Against Women Formula Grants - ARRA	16.588	-	-	1,097,271		1,097,271
Grant to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	-	-	6,630		6,630
Local Law Enforcement Block Grants Program	16.592	-	-	45,629		45,629
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	370,351		370,351
Community Capacity Development Office	16.595	-	-	16,697		16,697
Corrections Training & Staff Development	16.601	-	-	17,821		17,821
State Criminal Alien Assistance Program	16.606	-	-	1,845,364		1,845,364
Bulletproof Vest Partnership Program	16.607	-	-	115,717		115,717
Gun Violence Prosecution Program	16.609	-	-	264,600		264,600
Public Safety Partnership & Community Policing	16.710	-	-	837,403		837,403
Public Safety Partnership and Community Policing Grants - ARRA	16.710	-	-	3,512		3,512

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS-THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF JUSTICE (DOJ) (continued)						
Enforcing Underage Drinking Laws Program	16.727	\$ -	\$ -	\$ 367,967		\$ 367,967
Pass-Through Wisconsin County Health Department	16.727	-	-	1,341		1,341
Drug Prevention Program	16.728	-	-	4,330		4,330
Protecting Innocents & Safeguarding Communities	16.735	-	-	18,958		18,958
Discretionary Grant Program						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	6,439,301		6,439,301
S/W Auto Victim Info Notification	16.740	-	-	39,400		39,400
DNA Capacity Enhancement FY 06(46105)	16.741	-	-	677,794		677,794
Paul Coverdell Nat Forensic - Lab	16.742	-	-	387,666		387,666
Anti-Gang Initiative Program	16.744	-	-	152,204		152,204
Support for Adam Walsh Act Implementation Grant Program	16.750	-	-	156,736		156,736
Prescription Drug Monitoring	16.754	-	-	6,372		6,372
Violence Against Women Formula Grant (VARA)	16.800	-	-	156,802		156,802
FY 2009 Recovery Act	16.802	-	-	570,638		570,638
Byrne Justice Recovery Act - ARRA	16.803	-	-	6,566,647		6,566,647
Pass-Through Salisbury City Police GOCPP Project	16.803	-	-	139,719		139,719
Federal Bureau of Investigation	16.RD	105,313	-	-		105,313
National Institute of Justice	16.RD	466,298	-	-		466,298
Office of Justice Programs	16.RD	43,741	-	-		43,741
Office of Juvenile Justice and Delinquency Prevention	16.RD	346,073	-	-		346,073
Pass-Through George Mason University	16.RD	53,707	-	-		53,707
Pass-Through Police Foundation	16.RD	6,191	-	-		6,191
Pass-Through University of Pennsylvania	16.RD	174	-	-		174
Pass-Through University of Central Florida	16.RD	235,542	-	-		235,542
Total Department of Justice (DOJ)		1,277,039	-	49,697,617		41,974,656
DEPARTMENT OF LABOR (DOL)						
Contract/Other	17.000	-	-	3,066,854		3,066,854
Labor Force Statistics	17.002	-	-	1,479,055		1,479,055
Compensation & Working Conditions	17.004	-	-	105,220		105,220
Employment Service Cluster						
Employment Services	17.207	-	-	13,335,287		13,335,287
Employment Services - ARRA	17.207	-	-	1,267,030		1,267,030
Disabled Veterans' Outreach Program (DVOP)	17.801	-	-	1,823,165		1,823,165
Local Veterans' Employment Representative Program	17.804	-	-	1,469,908		1,469,908
Total Employment Service Cluster					17,895,390	
Unemployment Insurance	17.225	-	-	2,112,938,073		2,112,938,073
Unemployment Insurance - ARRA	17.225	-	-	101,969		101,969
Senior Community Service Employment Program	17.235	-	-	1,860,925		1,860,925
Department of Labor - Recovery Act	17.236	-	-	26,301		26,301
Trade Adjustment Assistance: Workers	17.245	-	-	1,034,664		1,034,664
Workforce Investment Act Cluster (WIA)						
Workforce Investment Act: Adult Program	17.258	-	-	9,617,796		9,617,796
Workforce Investment Act: Adult Program - ARRA	17.258	-	-	2,411,522		2,411,522
Workforce Investment Act: Youth Activities	17.259	-	-	10,601,136		10,601,136
Workforce Investment Act: Youth Activities - ARRA	17.259	-	-	8,102,512		8,102,512
Workforce Investment Act: Dislocated Workers	17.260	-	-	12,125,922		12,125,922
Workforce Investment Act: Dislocated Workers - ARRA	17.260	-	-	3,425,735		3,425,735
Pass-Through Tin County Council for the Lower Eastern Shore	17.260	-	-	79,675		79,675
Total WIA Cluster					46,364,458	
Employment & Training Adm. Pilots, Demonstrations - ARRA	17.261	-	-	6,576		6,576
WIA Pilots, Demonstrations and Research Projects	17.261	-	-	50,482		50,482
Work Incentives Grant	17.266	-	-	279,265		279,265
Pass-Through Community College of Baltimore County	17.266	-	-	15,328		15,328
Work Opportunity Tax Credit Program	17.271	-	-	265,789		265,789
Labor Certification for Alien Workers	17.273	-	-	151,624		151,624
State Energy Sector Partnership - ARRA	17.275	-	-	493,018		493,018
HCTC OAP Filer III - ARRA	17.276	-	-	440,537		440,537
Occupational Safety and Health: Susan Harwood Training Grants	17.502	-	-	21,328		21,328
Occupational Safety & Health	17.503	-	-	4,358,129		4,358,129
Consultation Agreements	17.504	-	-	905,577		905,577
Occupational Illness & Injury Prevention	17.600	-	-	85,252		85,252
Bureau of Labor Statistics	17.RD	15,604	-	-		15,604
Employment and Training Administration	17.RD	30,929	-	-		30,929
Pass-Through Rutgers, The State University of New Jersey	17.RD	11,006	-	-		11,006
Total Department of Labor		57,539	-	2,192,033,814		2,192,093,353
DEPARTMENT OF STATE (DOS)						
Pass-Through Institute of International Education	19.010	-	-	23,904		23,904
Academic Exchange Programs - English Language Programs	19.421	-	-	357,793		357,793
International Education Training and Research	19.430	-	-	52,355		52,355
Pass-Through National Council for Eurasian and East European Research	19.RD	1,711	-	-		1,711
Total Department of State (DOS)		1,711	-	434,054		435,765
DEPARTMENT OF TRANSPORTATION (DOT)						
Contract/Other	20.000	-	-	662,157		662,157
Airport Improvement Program - ARRA	20.106	-	-	2,787,949		2,787,949
Stimulus Payment - ARRA	20.106	-	-	6,547,907		6,547,907

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF TRANSPORTATION (DOT) (continued)						
Highway Planning & Construction Cluster						
Highway Planning & Construction	20.205	\$ -	\$ -	\$ 350,604,579		\$ 350,604,579
Highway Planning & Construction - ARRA	20.205	-	-	156,083,831		156,083,831
Appalachian Development Highway System	23.003	-	-	207,537		207,537
Total Highway Planning & Construction Cluster					506,895,947	
Highway Training and Education	20.215	-	-	55		55
Highway Training and Education	20.215	141,881	-	-		141,881
National Motor Carrier Safety	20.218	-	-	2,513,716		2,513,716
Commercial Driver License Grant Agreement	20.232	-	-	686,053		686,053
Commercial Driver License Information System	20.238	-	-	97,206		97,206
Federal Transit Cluster						
Capital Investment Grants	20.500	-	-	59,028,058		59,028,058
Capital Investment Grants - ARRA	20.500	-	-	4,271,449		4,271,449
Formula Grants	20.507	-	-	153,566,917		153,566,917
Federal Stimulus - ARRA	20.507	-	-	36,228,604		36,228,604
Total Federal Transit Cluster					253,095,028	
Federal Transit: Metropolitan Planning Grants	20.505	-	-	9,296,669		9,296,669
Formula Grants for Other Than Urbanized Areas	20.509	-	-	4,311,645		4,311,645
Formula Grants for Other Than Urbanized Areas - ARRA	20.509	-	-	4,195,149		4,195,149
Transit Services Programs Cluster						
Capital Assistance Program for Elderly Persons & Persons with Disabilities	20.513	-	-	1,589,683		1,589,683
Job Access: Reverse Commute	20.516	-	-	412,039		412,039
New Freedom Initiative	20.521	-	-	766,065		766,065
Total Transit Services Programs Cluster					2,767,787	
State & Community Highway Safety	20.600	-	-	7,924,484		7,924,484
National Highway Traffic Safety Administration	20.614	-	-	61,582		61,582
Pipeline Safety	20.700	-	-	311,059		311,059
University Transportation Centers Program	20.701	677,736	-	-		677,736
Research and Innovative Technology Administration	20.701	-	-	27,388		27,388
University Transportation Center						
Interagency Hazardous Materials Public Sector Training & Planning	20.703	-	-	275,480		275,480
RITA Hydrogen	20.704	-	-	1,077,648		1,077,648
Development & Promotion of Ports & Intermodal Transportation	20.801	-	-	10,424		10,424
Pass-Through Mentron Aviation, Inc.	20.NEX001069	18,390	-	-		18,390
	F-800TASK10					
Federal Aviation Administration	20.RD	297,287	-	-		297,287
Federal Highway Administration	20.RD	222,719	-	-		222,719
Federal Motor Carrier Safety Administration	20.RD	135,760	-	-		135,760
National Highway Traffic Safety Administration	20.RD	698,286	-	-		698,286
Other Research & Development	20.RD	11,392	-	-		11,392
Pass-Through American Occupational Therapy	20.RD	3,502	-	-		3,502
Pass-Through National Cooperative Highway Research Program	20.RD	34,232	-	-		34,232
Pass-Through Pennsylvania State University	20.RD	344,347	-	-		344,347
Pass-Through Telvent Farradyne Inc	20.RD	239,898	-	-		239,898
Pass-Through University of Michigan	20.RD	22,555	-	-		22,555
Pass-Through University of Wisconsin	20.RD	72,259	-	-		72,259
Research and Innovative Technology Administration	20.RD	908,832	-	-		908,832
Total Department of Transportation (DOT)		3,829,076	-	803,545,333		807,374,408
DEPARTMENT OF TREASURY (DOTR)						
Pass-Through United Black Fund, Inc.	21.RD	20,175	-	-		20,175
Total Department of Treasury (DOTR)		20,175	-	-		20,175
APPALACHIAN REGIONAL COUNCIL (ARC)						
Appalachian Regional Development	23.001	-	-	64,787		64,787
Appalachian Local Access Roads	23.008	-	-	3,221		3,221
Appalachian State Research, Technical Assistance	23.011	-	-	25,000		25,000
Pass-Through East Tennessee State University	23.011	-	-	4,000		4,000
Pass-Through Frostburg State University Foundation	23.011	-	-	28,834		28,834
Appalachian Regional Commission	23.RD	4,145	-	-		4,145
Total Appalachian Regional Council (ARC)		4,145	-	125,842		129,987
EQUAL EMPLOYMENT OPPORTUNITY COMMITTEE - (EEOC)						
Employment Discrimination: State & Local Fair Employment	30.002	-	-	326,213		326,213
Practices Agency Contracts						
Total Equal Employment Opportunity Committee (EEOC)		-	-	326,213		326,213
GENERAL SERVICE ADMINISTRATION -						
(GSA) NON-CASH EXPENDITURE						
Disposal of Federal Surplus Real Property	39.002	-	-	11,960		11,960
Donation of Federal Surplus Property Program	39.003	-	-	178,612		178,612
Help America Vote Act	39.011	-	-	700,199		700,199
Public Buildings Services	39.012	-	-	222,998		222,998
Total General Service Administration (GSA)		-	-	1,113,769		1,113,769
SECTION 1602						
Section 1602 (Monetization) - ARRA	40.Unknown	-	-	21,184,812		21,184,812
Total Section 1602		-	-	21,184,812		21,184,812

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
LIBRARY OF CONGRESS						
Contract/Other	42.LCLSC-10P00105	\$ -	\$ -	\$ 16,611		\$ 16,611
Library of Congress	42.RD	129,561	-	-		129,561
Pass-Through University of California, San Diego	42.RD	174,051	-	-		174,051
Pass-Through University of Illinois-Urbana Champaigne	42.RD	87,675	-	-		87,675
Total Library of Congress		391,287	-	16,611		407,898
NATIONAL AERONAUTICS & SPACE						
ADMINISTRATION (NASA)						
Aerospace Education Services Program	43.001	-	-	644,915		644,915
Pass-Through Infonetic	43.001	-	-	63		63
Aerospace Education Services Program	43.001	3,207,384	-	-		3,207,384
Technology Transfer	43.002	-	-	12,090		12,090
Pass-Through Northrop Grumman Corporation	43.470	57,387	-	-		57,387
Pass-Through Anne Arundel County Public Schools	43.NNH08-ZNE007N	-	-	43,554		43,554
Contract/Other	43.NNX09-AM90G	55,164	-	-		55,164
NASA	43.RD	73,241,312	-	-		73,241,312
Pass-Through AdTech Photonics, Inc	43.RD	1,852	-	-		1,852
Pass-Through Battelle Memorial Institute	43.RD	9,615	-	-		9,615
Pass-Through Boston University	43.RD	102,498	-	-		102,498
Pass-Through California Institute of Technology	43.RD	14,917	-	-		14,917
Pass-Through California Institute of Technology and the Jet Propulsion Laboratory	43.RD	876,451	-	-		876,451
Pass-Through Carnegie Institute of Washington	43.RD	45,951	-	-		45,951
Pass-Through Colorado State University	43.RD	65,492	-	-		65,492
Pass-Through Columbia University	43.RD	4,710	-	-		4,710
Pass-Through Drexel University	43.RD	11,971	-	-		11,971
Pass-Through Florida Institute of Technology	43.RD	40,928	-	-		40,928
Pass-Through George Mason University	43.RD	30,853	-	-		30,853
Pass-Through Hampton University	43.RD	25,679	-	-		25,679
Pass-Through Institute for Global Environment and Society	43.RD	85,955	-	-		85,955
Pass-Through Johns Hopkins University	43.RD	3,853	-	-		3,853
Pass-Through Johns Hopkins University/Applied Physics Lab	43.RD	154,088	-	-		154,088
Pass-Through Massachusetts Institute of Technology	43.RD	183,063	-	-		183,063
Pass-Through National Institute of Aerospace	43.RD	397,190	-	-		397,190
Pass-Through Oregon State University	43.RD	13,201	-	-		13,201
Pass-Through Planetary Science Institute	43.RD	20,738	-	-		20,738
Pass-Through Princeton University	43.RD	129,688	-	-		129,688
Pass-Through Resources for the Future	43.RD	27,418	-	-		27,418
Pass-Through Science and Engineering Service Inc	43.RD	23	-	-		23
Pass-Through Science Systems & Application, Inc	43.RD	105,128	-	-		105,128
Pass-Through Sigma Space Corporation	43.RD	109,883	-	-		109,883
Pass-Through Smithsonian Astrophysical Observatory	43.RD	18,336	-	-		18,336
Pass-Through South Dakota State University	43.RD	239,354	-	-		239,354
Pass-Through Southwest Research Institute	43.RD	49,642	-	-		49,642
Pass-Through Space Telescope Science Institute	43.RD	248,603	-	-		248,603
Pass-Through Stinger Chalfont Technologies, Inc.	43.RD	32,952	-	-		32,952
Pass-Through Universities Space Research Association	43.RD	68,164	-	-		68,164
Pass-Through University of Alabama Huntsville	43.RD	60,984	-	-		60,984
Pass-Through University of California at Berkeley	43.RD	27,312	-	-		27,312
Pass-Through University of California, Irvine	43.RD	51,385	-	-		51,385
Pass-Through University of California, Los Angeles	43.RD	70,933	-	-		70,933
Pass-Through University of Central Florida	43.RD	610	-	-		610
Pass-Through University of Colorado	43.RD	128,963	-	-		128,963
Pass-Through University of Michigan	43.RD	87,227	-	-		87,227
Pass-Through University of North Carolina at Chapel Hill	43.RD	11,576	-	-		11,576
Pass-Through University of Utah	43.RD	27,934	-	-		27,934
Pass-Through University of Virginia	43.RD	76,982	-	-		76,982
Pass-Through University of Wisconsin	43.RD	121,840	-	-		121,840
Pass-Through University of Houston	43.RD	7,654	-	-		7,654
Pass-Through Woods Hole Oceanographic Institute	43.RD	15,497	-	-		15,497
Total National Aeronautics & Space Administration (NASA)		80,368,340	-	700,622		81,068,962
NATIONAL FOUNDATION ON THE ARTS & HUMANITIES (NFAH)						
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	69,033		69,033
Pass-Through New England Foundation for the Arts	45.024	-	-	3,577		3,577
Pass-Through Smart Growth Leadership Institute	45.024	-	-	52,661		52,661
Promotion of the Arts: Partnership Agreements	45.025	-	-	1,015,074		1,015,074
Pass-Through Mid-Atlantic Arts Foundation	45.025	-	-	27,879		27,879
Pass-Through Maryland Humanities	45.129	-	-	1,200		1,200
Promotion of the Humanities: Research	45.161	-	-	95,741		95,741
Promotion of the Humanities: Research	45.161	752	-	-		752
Promotion of the Humanities: Seminars and Institutes	45.163	-	-	32,162		32,162
Promotion of the Humanities: Public Programs	45.164	-	-	168,411		168,411
Extending The Reach Grants To Presidentially	45.167	-	-	3,399		3,399
Pass-Through University of Nebraska	45.169	-	-	11,430		11,430
Museum Grants African Amer	45.309	-	-	31,451		31,451

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<u>NATIONAL FOUNDATION ON THE ARTS & HUMANITIES (NFAH) (continued)</u>						
State Library Program	45.310	\$ -	\$ -	\$ 2,535,470		\$ 2,535,470
MathPath	45.312	-	-	7,761		7,761
Institute of Museum and Library Services: National Leadership Grants	45.312	-	-	17,392		17,392
Laura Bush 21 Century Librarian Program	45.313	-	-	157,331		157,331
Institute of Museum and Library Services	45.RD	558,708	-	-		558,708
National Endowment for the Humanities	45.RD	218,237	-	-		218,237
Total National Foundation on the Arts & Humanities (NFAH)		777,697	-	4,229,972		5,007,669
<u>NATIONAL SCIENCE FOUNDATION (NSF)</u>						
Engineering Grants	47.041	-	-	1,177,740		1,177,740
Engineering Grants	47.041	35,491	-	-		35,491
Mathematical and Physical Sciences	47.049	-	-	1,162,024		1,162,024
Pass-Through University of Notre Dame	47.049	-	-	900		900
Mathematical and Physical Sciences	47.049	2,988	-	-		2,988
Anhydrous Fluoride Salts	47.049	-	-	18,479		18,479
National Research Experience for Undergraduates Program	47.049	-	-	25,866		25,866
Mathematical and Physical Sciences - ARRA	47.049	53,344	-	-		53,344
Pass-Through Southwest Research Institute - ARRA	47.049	15,809	-	-		15,809
Geosciences	47.050	-	-	19,419		19,419
Pass-Through Consortium of Universities for the Advancement of Hydrologic Science	47.050	-	-	10,371		10,371
Hyperspec Remote Sensing	47.050	57,774	-	-		57,774
Computer and Information Science and Engineering	47.070	-	-	238,897		238,897
Pass-Through Computing Research Association	47.070	-	-	94,271		94,271
Collaborative Research BPC-ARTSI	47.070	45,071	-	-		45,071
Biological Sciences	47.074	-	-	1,125,427		1,125,427
Pass-Through Cary Institute of Ecosystem Studies	47.074	-	-	170,112		170,112
BHLH Protein Neur Elegan	47.074	14,758	-	-		14,758
Social, Behavioral, and Economic Sciences	47.075	-	-	458,168		458,168
Social, Behavioral, and Economic Sciences - ARRA	47.075	48,492	-	-		48,492
Education and Human Resources	47.076	-	-	8,881,837		8,881,837
Pass-Through Colorado State University	47.076	-	-	210,685		210,685
Pass-Through Community College of Baltimore County	47.076	-	-	588		588
Pass-Through Prince George's Community College	47.076	-	-	20,616		20,616
Pass-Through University System of Maryland Foundation	47.076	-	-	285,846		285,846
Education and Human Resources	47.076	1,123,648	-	-		1,123,648
Education and Human Resources	47.076	-	-	414,024		414,024
International Science & Engineering (OISE)	47.079	-	-	3,606		3,606
Trans-NSF Recovery Act Research Support - ARRA	47.082	4,319,913	-	428,462		4,748,375
Pass-Through Georgetown University - ARRA	47.082	88,819	-	-		88,819
Pass-Through Stanford University - ARRA	47.082	19,100	-	-		19,100
Contract/Other	47.100100921	-	-	1,197		1,197
Contract/Other	47.HDR-0853418	-	-	113,923		113,923
Pass-Through Onco Biosystems Inc	47.IIP0945037	26,681	-	-		26,681
National Science Foundation (NSF)	47.RD	48,582,303	-	-		48,582,303
Pass-Through American Educational Research Association	47.RD	16,319	-	-		16,319
Pass-Through Blue Wave Semiconductors, Inc	47.RD	635	-	-		635
Pass-Through Boston University	47.RD	17,459	-	-		17,459
Pass-Through Carnegie Institution of Washington	47.RD	231,226	-	-		231,226
Pass-Through Case Western University	47.RD	46,094	-	-		46,094
Pass-Through Chesapeake Research Consortium	47.RD	23,192	-	-		23,192
Pass-Through Colorado School of Mines	47.RD	23,702	-	-		23,702
Pass-Through Columbia University	47.RD	69,835	-	-		69,835
Pass-Through Computing Research Association	47.RD	102,744	-	-		102,744
Pass-Through Dartmouth College	47.RD	2,131	-	-		2,131
Pass-Through Education Development Center	47.RD	54,443	-	-		54,443
Pass-Through Gallaudet University	47.RD	34,531	-	-		34,531
Pass-Through Howard University	47.RD	64,419	-	-		64,419
Pass-Through Johns Hopkins University / Applied Physics Lab	47.RD	3,917	-	-		3,917
Pass-Through Lettera Inc	47.RD	446	-	-		446
Pass-Through Loyola University	47.RD	4,783	-	-		4,783
Pass-Through National Academy of Engineering	47.RD	7,690	-	-		7,690
Pass-Through National Radio Astronomy Observatory	47.RD	3,722	-	-		3,722
Pass-Through New Mexico State University	47.RD	11,043	-	-		11,043
Pass-Through Ohio State University	47.RD	26,012	-	-		26,012
Pass-Through Oregon Health & Science University	47.RD	99,339	-	-		99,339
Pass-Through Pacific Ecoinformatics and Computational Ecology Lab, Inc.	47.RD	14,889	-	-		14,889
Pass-Through Prince George's Community College	47.RD	16,772	-	-		16,772
Pass-Through Purdue University	47.RD	223,865	-	-		223,865
Pass-Through Sarissa Inc(Sarissa Technologies)	47.RD	19,041	-	-		19,041
Pass-Through Siena College	47.RD	51,637	-	-		51,637
Pass-Through SRI International	47.RD	70,298	-	-		70,298
Pass-Through St. Joseph's College of Maine	47.RD	11,693	-	-		11,693
Pass-Through Texas A&M University	47.RD	45,194	-	-		45,194
Pass-Through University of California, Davis	47.RD	20,876	-	-		20,876
Pass-Through University of California, Los Angeles	47.RD	69,724	-	-		69,724
Pass-Through University of Colorado	47.RD	74,662	-	-		74,662
Pass-Through University of Connecticut	47.RD	245	-	-		245

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<u>NATIONAL SCIENCE FOUNDATION (NSF) (continued)</u>						
Pass-Through University of Indiana	47.RD	\$ 52,062	\$ -	\$ -		\$ 52,062
Pass-Through University of Michigan	47.RD	154,141	-	-		154,141
Pass-Through University of Rhode Island	47.RD	10,827	-	-		10,827
Pass-Through University of Southern California	47.RD	97,543	-	-		97,543
Pass-Through University of Utah	47.RD	150,534	-	-		150,534
Pass-Through University of Wisconsin	47.RD	813,868	-	-		813,868
Pass-Through University of Washington	47.RD	72,993	-	-		72,993
Pass-Through Virginia Commonwealth University	47.RD	122,252	-	-		122,252
Pass-Through Virginia Polytechnic Institute and State University	47.RD	3,089	-	-		3,089
Pass-Through Woods Hole Oceanographic	47.RD	147,625	-	-		147,625
Pass-Through Yale University	47.RD	83,591	-	-		83,591
Total National Science Foundation (NSF)		57,605,294	-	14,862,458		72,467,752
<u>SMALL BUSINESS ADMINISTRATION</u>						
Contract/Other	59.Unknown	-	-	15,736		15,736
Contract/Other	59.SBAHG-08-1-0186	-	-	156,252		156,252
Pass-Through Baltimore County Department of Economic Development	59.006	-	-	209,822		209,822
Small Business Development Center	59.037	-	-	1,854,224		1,854,224
Program for Investment in Microentrepreneurs Act	59.050	-	-	25,911		25,911
Total Small Business Administration		-	-	2,261,945		2,261,945
<u>VETERANS ADMINISTRATION (VA)</u>						
Contract/Other	64.Unknown	-	-	679		679
Veterans State Domiciliary Care	64.014	-	-	2,910,159		2,910,159
Veterans State Nursing Home Care	64.015	-	-	2,895,403		2,895,403
Burial Expenses Allowances	64.101	-	-	668,463		668,463
Vocational & Educational Counseling for Service Members & Veterans	64.125	-	-	408,755		408,755
State Cemetery Grants	64.203	-	-	2,142,273		2,142,273
Pass-Through PARRA Consulting Group, Inc	64.RD	617	-	-		617
Veterans Health Administration - Research and Development	64.RD	6,421,536	-	-		6,421,536
Total Veterans Administration (VA)		6,422,153	-	9,025,732		15,447,885
<u>ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>						
Contract/Other IPA Agreement	66.03-085-10-10N	-	-	12,693		12,693
Contract/Other	66.X5-973763-01-0	-	-	6,665		6,665
Poultry Litter Project	66.000	-	-	32,369		32,369
Spec. Purpose Activities	66.034	-	-	687,863		687,863
MD State School Bus Program - ARRA	66.039	-	-	1,019,639		1,019,639
Maryland Clean Diesel	66.040	-	-	99,450		99,450
MD State Clean Diesel Grant Program - ARRA	66.040	-	-	99,300		99,300
Congressionally Mandated Projects	66.202	-	-	65,335		65,335
Environmental Finance Center Grants	66.203	-	-	80,643		80,643
Pass-Through National Fish & Wildlife Foundation	66.439	-	-	125,178		125,178
Water Quality Management Planning	66.454	-	-	204,075		204,075
MDE Water Quality Mgt Planning - ARRA	66.454	-	-	354,104		354,104
Nonpoint Source Implementation Grants	66.460	-	-	2,364,781		2,364,781
Chesapeake Bay Program	66.466	-	-	4,099,597		4,099,597
Capitalization Grants for Drinking Water State Revolving Fund - ARRA	66.468	-	-	188,255		188,255
Operator Certification Expense Reimbursement	66.471	-	-	289,278		289,278
Beach Monitoring & Notification Program Implementation Grants	66.472	-	-	297,694		297,694
Water Protection Grants to the States	66.474	-	-	495		495
MD Regulatory Wetland Program Enhancement	66.479	-	-	137,946		137,946
Pass-Through Resources for the Future	66.509	-	-	21,953		21,953
Greater Research Opportunities (GRO) Fellowships for Undergraduate/Graduate Environ Study	66.513	-	-	4,311		4,311
P3 Award: National Student Design Competition for Sustainability	66.516	-	-	1,881		1,881
Performance Partnership Grants (PPGs)	66.605	-	-	10,132,531		10,132,531
Surveys, Studies, Investigations and Special Purpose Grants	66.606	-	-	190,974		190,974
Environmental Information Exchange Network Grant Program	66.608	-	-	178,786		178,786
Environmental Policy & Innovation Grants	66.611	-	-	49,614		49,614
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	-	-	436,532		436,532
Pollution Prevention Grants Program	66.708	-	-	58,709		58,709
Superfund State Site: Specific Cooperative Agreements	66.802	-	-	688,342		688,342
State & Tribal Underground Storage Tanks Program	66.804	-	-	758,278		758,278
Leaking Underground Storage Tank Program	66.805	-	-	1,180,284		1,180,284
Leaking Underground Storage Tank - ARRA	66.805	-	-	783,650		783,650
Solid Waste Management Assistance	66.808	-	-	1,018		1,018
Superfund State & Indian Tribe Core Program: Cooperative Agreements	66.809	-	-	337,505		337,505
State & Tribal Response Program Grants	66.817	-	-	235,342		235,342
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	-	-	602,472		602,472
Pass-Through American Forest Foundation	66.951	-	-	3,805		3,805
Pass-Through Oak Ridge Institute for Science and Education	66.951	-	-	40,165		40,165
Environmental Education Grants	66.951	-	-	42,521		42,521

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
ENVIRONMENTAL PROTECTION AGENCY (EPA) (continued)						
Office of Administration	66 RD	\$ 93,960	\$ -	\$ -		\$ 93,960
Office of Air and Radiation	66 RD	25,997	-	-		25,997
Office of Pollution Prevention and Toxic Substances	66.RD	30,445	-	-		30,445
Office of Research and Development	66.RD	1,388,649	-	-		1,388,649
Office of Water	66 RD	16,990	-	-		16,990
Pass-Through Johns Hopkins University	66 RD	13,933	-	-		13,933
Pass-Through University of Michigan	66.RD	16,440	-	-		16,440
Total Environmental Protection Agency (EPA)		1,586,414	-	25,914,033		27,500,447
NATIONAL REGULATORY COMMISSION (NRC)						
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	385		385
US Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	103,645		103,645
Other National Regulatory Commission - Research and Development	77 RD	312,553	-	-		312,553
Total National Regulatory Commission (NRC)		312,553	-	104,030		416,583
DEPARTMENT OF ENERGY (DOE)						
Contract/Other	81.DE-FG02-07ER64339	61,918	-	-		61,918
Contract/Other	81.DE-FG02-08CH11527	154,808	-	-		154,808
Contract/Other	81.DE-SC0002178	20,465	-	-		20,465
State Energy Program	81.041	-	-	476,000		476,000
State Energy Conservation Program	81.041	-	-	4,855,076		4,855,076
Construction and Energy Technology Education Consortium	81.041	-	-	75,012		75,012
Weatherization Assistance for Low-Income Persons	81.042	-	-	2,655,352		2,655,352
Office of Science Financial Assistance Program	81.049	-	-	414,176		414,176
Office of Science Financial Assistance Program - ARRA	81.049	4,806	-	-		4,806
University Coal Research	81.057	119,233	-	-		119,233
Conservation Research & Development	81.086	-	-	110,240		110,240
Renewable Energy Research & Development	81.087	-	-	27,991		27,991
State Heating & Propane Programs	81.090	-	-	10,000		10,000
Energy Efficiency & Renewable Energy	81.117	-	-	10,000		10,000
State Energy Program Special Projects	81.119	-	-	549,955		549,955
Nuclear Energy Research, Development and Demonstration	81.121	-	-	6,175		6,175
Technology Transfer Activities	81.121	-	-	198,027		198,027
Electricity Delivery & Energy Reliability - ARRA	81.122	-	-	57,674		57,674
EE Appliance Rebate Program	81.127	-	-	1,891,049		1,891,049
Energy Efficiency & Conservation Block Grant Program -ARRA	81.128	-	-	11,475,074		11,475,074
Pass-Through GE Global Research	81.400	42,510	-	-		42,510
Pass-Through General Electric Company	81.700	74,710	-	-		74,710
Pass-Through AccuStrata, Inc - ARRA	81.Contract No 09122951	22,583	-	-		22,583
Pass-Through Battelle Corporation - ARRA	81.Contract No 114480	25,457	-	-		25,457
Pass-Through Brookhaven National Laboratory - ARRA	81.Contract No 158983	2,619	-	-		2,619
Pass-Through General Atomics	81.N1009080603	22,064	-	-		22,064
Office of Science	81.RD	9,397,015	-	-		9,397,015
Other Department of Energy - Research and Development	81.RD	1,654,791	-	-		1,654,791
Pass-Through Argonne National Lab	81.RD	39,998	-	-		39,998
Pass-Through Battelle Corporation	81.RD	41,965	-	-		41,965
Pass-Through Brown University	81.RD	115	-	-		115
Pass-Through Iowa State University	81.RD	44,622	-	-		44,622
Pass-Through Sandia National Labs	81.RD	107,834	-	-		107,834
Pass-Through Stanford University	81.RD	41,639	-	-		41,639
Pass-Through Tulane University	81.RD	98,233	-	-		98,233
Pass-Through University of California Lawrence Livermore Lab	81.RD	23,369	-	-		23,369
Pass-Through University of Michigan	81 RD	55,991	-	-		55,991
Pass-Through University of Texas - Austin	81 RD	20,644	-	-		20,644
Pass-Through University of Virginia	81.RD	93,019	-	-		93,019
Total Department of Energy (DOE)		12,170,408	-	22,811,801		34,982,209
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)						
Contract/Other	83.Unknown	-	-	34,902		34,902
College Access Challenge Grant Program	83.378	-	-	791,629		791,629
Title XIX	83.778	-	-	4,919,876		4,919,876
Total Federal Emergency Management Agency (FEMA)		-	-	5,746,407		5,746,407
DEPARTMENT OF EDUCATION (ED)						
Contract/Other	84.ED-04-CO-0137	-	-	1,220		1,220
Contract/Other	84 unknown	-	-	187,917		187,917
Adult Education - State Grant Program	84.002	-	-	9,370,538		9,370,538
Student Financial Assistance Cluster (SFA)						
Federal Supplemental Educational Opportunity Grants	84.007	-	7,379,734	-		7,379,734
Federal Family Educational Loans	84.032	-	184,653,032	-		184,653,032
Federal Family Educational Loan	84.032	-	11,177,227	-		11,177,227

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF EDUCATION (ED) (continued)						
Student Financial Assistance Cluster (SFA) (continued)						
Federal Work-Study Program	84.033	\$ -	\$ 8,164,840	\$ -		\$ 8,164,840
Federal Perkins Loan Program: Federal Capital Contributions	84.038	-	72,404,547	-		72,404,547
Federal Pell Grant Program	84.063	-	132,133,338	-		132,133,338
Federal Direct Student Loans	84.268	-	649,479,802	-		649,479,802
Academic Competitiveness Grants	84.375	-	1,188,639	-		1,188,639
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	-	1,419,625	-		1,419,625
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	-	328,255	-		328,255
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	11,785,953	-		11,785,953
Nursing Student Loans	93.364	-	1,894,364	-		1,894,364
Total SFA Cluster					1,082,009,356	
Title I, Part A Cluster						
Title I Part A - Title I Grants to Local Education Agencies	84.010	-	-	201,335,131		201,335,131
Title I Part A - Grants to LEAS - ARRA	84.389	-	-	53,923,501		53,923,501
Total Title I, Part A Cluster					255,258,632	
Migrant Education: State Grant Program	84.011	-	-	571,801		571,801
Title I Program for Neglected & Delinquent Children	84.013	-	-	1,973,869		1,973,869
International: Overseas: Group Projects Abroad	84.021	-	-	111,719		111,719
Idea - Part E Innovation & Development	84.023	-	-	283,742		283,742
Special Education Cluster (IDEA)						
Special Education: Grants to States	84.027	-	-	199,407,314		199,407,314
D.O.R.S. Transition Grant - ARRA	84.027	-	-	54,576		54,576
Special Education: Grants to States	84.027	-	-	34,276		34,276
Pass-Through Government of the District of Columbia - ARRA	84.027	-	-	213,474		213,474
Special Education: Preschool Grants	84.173	-	-	5,882,222		5,882,222
Special Education Grants to State - ARRA	84.391	-	-	73,608,913		73,608,913
IDEA - Part B - Preschool Grants - ARRA	84.392	-	-	1,768,038		1,768,038
Total IDEA Cluster					280,968,813	
Higher Education Institutional Aid	84.031	-	-	15,280,158		15,280,158
Higher Education Institutional Aid	84.031	-	8,153,110	-		8,153,110
Higher Education Institutional Aid	84.031	-	-	92,234		92,234
Federal Perkins Loan Cancellations	84.037	-	-	646,665		646,665
Federal Perkins Loan Cancellations	84.037	-	15,430	-		15,430
TRIO Cluster						
TRIO: Student Support Services	84.042	-	-	2,223,975		2,223,975
TRIO: Talent Search	84.044	-	-	915,150		915,150
TRIO: Upward Bound	84.047	-	-	4,018,885		4,018,885
TRIO: Educational Opportunity Centers	84.066	-	-	283,679		283,679
TRIO: McNair Post - Baccalaureate Achievement	84.217	-	-	706,847		706,847
Total TRIO Cluster					8,148,536	
Vocational Education: Basic Grants to States	84.048	-	-	14,972,401		14,972,401
Leveraging Educational Assistance Partnership	84.069	-	-	1,303,446		1,303,446
Fund for the Improvement of Postsecondary Education	84.116	-	-	696,759		696,759
Video Cases for Novice College Mathematics Instructors	84.116B	-	-	3,108		3,108
Fund for the Improvement of Postsecondary Education	84.116Z	-	-	76,069		76,069
Minority Science and Engineering Improvement	84.120	-	-	756		756
Vocational Rehabilitation Cluster						
Rehabilitation Services: Vocational Rehab. Grants to States	84.126	-	-	37,612,852		37,612,852
Vocational Rehab. Grants - ARRA	84.390	-	-	4,515,983		4,515,983
Total Vocational Rehabilitation Cluster					42,128,835	
Rehabilitation Long-Term Training	84.129	-	-	379,201		379,201
National Institute on Disability and Rehabilitation Research	84.133	-	-	439,120		439,120
Migrant Education Coordination Program	84.144	-	-	205,163		205,163
Business and International Education Projects	84.153	-	-	23,256		23,256
Rehabilitation Services: Client Assistance Program	84.161	-	-	169,307		169,307
Independent Living: State Grants	84.169	-	-	441,443		441,443
Early Intervention Services Cluster (IDEA)						
Special Education: Grants for Infants & Families with Disabilities	84.181	-	-	6,656,908		6,656,908
IDEA Part C - Infants & Families - ARRA	84.393	-	-	3,186,754		3,186,754
Total IDEA Part C Cluster					9,843,662	
Safe & Drug-Free Schools & Communities National Programs	84.184	-	-	634,130		634,130
Safe & Drug-Free Schools & Communities: State Grants	84.186	-	-	3,215,501		3,215,501
Supported Employment Services for Individuals with Severe Handicaps	84.187	-	-	290,267		290,267
Bilingual Education: Professional Development	84.195	-	-	304,137		304,137
Education of Homeless Children & Youth	84.196	-	-	912,285		912,285
Graduate Assistance in Areas of National Need	84.200	-	-	721,490		721,490
Javits G/T	84.206	-	-	40,160		40,160
Even Start: State Educational Agencies	84.213	-	-	917,764		917,764
Fund for the Improvement of Education	84.215	-	-	20,202		20,202
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	-	359,918	-		359,918
Fund for the Improvement of Education	84.215	-	-	308,075		308,075
Pass-Through Anne Arundel County Public Schools	84.215	-	-	89,438		89,438
Pass-Through Baltimore City Public Schools	84.215	-	-	209,216		209,216
Pass-Through Howard Co Public Schools	84.215	-	-	131,575		131,575
Fund for the Improvement of Education (continued)						
Pass-Through Baltimore County Public Schools	84.215	12,640	-	-		12,640
Centers for International Business Education	84.220	-	-	386,853		386,853

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF EDUCATION (ED) (continued)						
Assistive Technology	84.224	\$ -	\$ -	\$ 544,280		\$ 544,280
Rehabilitation Services Demonstrative & Training	84.235	-	-	469,996		469,996
Tech - Prep Education	84.243	-	-	1,532,508		1,532,508
Foreign Languages Assistance	84.249	-	-	499		499
Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training	84.265	-	-	217,409		217,409
Pass-Through United Negro College Fund	84.269	-	-	113,524		113,524
The Charter School Program	84.282	-	-	3,533,311		3,533,311
Twenty-First Century Community Learning Centers	84.287	-	-	15,388,762		15,388,762
Innovative Education Program Strategies	84.298	-	-	362,425		362,425
Education Technology States Cluster						
Technology Literacy Challenge Fund Grants	84.318	-	-	3,970,869		3,970,869
Education Technology - ARRA	84.386	-	-	62,059		62,059
Total Education Technology States Cluster					4,032,928	
SPED: State Program Improvement Grants for Children with Disabilities	84.323	-	-	796,083		796,083
SPED: Personnel Preparation to Improve Services & Results for Children with Disabilities	84.325	-	-	2,654,438		2,654,438
SPED: Tech Assist. & Dissemination to Improve Services & Results for Children with Disabilities	84.326	-	-	154,577		154,577
Advanced Placement Incentive Program	84.330	-	-	1,104,563		1,104,563
Grants to States for Incarcerated Youth Offenders	84.331	-	-	198,751		198,751
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	-	-	3,341,350		3,341,350
Child Care Access Means Parents in School	84.335	-	-	53,676		53,676
Teacher Quality Enhancement Grants	84.336	-	-	416,028		416,028
Underground Railroad Education & Cultural Program	84.345	-	-	19,967		19,967
Transition to Teaching	84.350	-	-	218,294		218,294
Reading First State Grants	84.357	-	-	7,486,779		7,486,779
English Language Acquisition Grants	84.365	-	-	8,445,688		8,445,688
Mathematics & Science Partnerships	84.366	-	-	1,984,319		1,984,319
Pass-Through State of Delaware	84.366	-	-	40,525		40,525
Improving Teacher Quality State Grants	84.367	-	-	38,120,461		38,120,461
Pass-Through State of Delaware	84.367	-	-	67,841		67,841
Improving Teacher Quality State Grants	84.367	-	-	120,207		120,207
Grants for State Assessments & Related Activities	84.369	-	-	8,261,370		8,261,370
Statewide Longitudinal Data System	84.372	-	-	1,885,378		1,885,378
Gen Super Enhancement	84.373	-	-	544,410		544,410
School Improvement Grants	84.377	-	-	4,295,039		4,295,039
College Intervention Prep. Program	84.378A	-	-	72,485		72,485
Strengthening Minority-Serving Institutions	84.382	-	-	8,384		8,384
Homeless Youth & Children - ARRA	84.387	-	-	211,463		211,463
School Improvement Grants - ARRA	84.388	-	-	210,001		210,001
State Fiscal Stabilization Fund Cluster (SFSF)						
State Fiscal Stabilization Fund - Education State Grants - ARRA	84.394	-	-	271,228,457		271,228,457
State Fiscal Stabilization Fund - Government Services - ARRA	84.397	-	-	79,573,888		79,573,888
Total SFSF Cluster					350,802,345	
Independent Living -ARRA	84.398	-	-	77,833		77,833
Independent Living Services for Older Individuals Who are Blind - ARRA	84.399	-	-	448,147		448,147
Pass-Through National Writing Project Corporation	84.928	-	-	23,889		23,889
Pass-Through University of California	84.928	-	-	94,781		94,781
2004 Unsolicited Grants	84.955	-	-	290,029		290,029
Institute of Education Sciences	84.RD	1,060,620	-	-		1,060,620
Pass-Through Board of Education of Howard County	84.RD	35,168	-	-		35,168
Pass-Through Boston University	84.RD	7,675	-	-		7,675
Pass-Through Bridges Public Charter School	84.RD	30,654	-	-		30,654
Pass-Through Carnegie-Mellon University	84.RD	78,752	-	-		78,752
Pass-Through Georgia Tech Research Corp	84.RD	4,636	-	-		4,636
Pass-Through National Public Radio	84.RD	29,920	-	-		29,920
Pass-Through Office of State Superintendent of Education (Washington, DC)	84.RD	12,726	-	-		12,726
Institute of Education Sciences (continued)						
Pass-Through University of Colorado, Denver	84.RD	21,176	-	-		21,176
Postsecondary Education	84.RD	1,098,625	-	-		1,098,625
Special Education and Rehabilitative Services	84.RD	101,256	-	-		101,256
Total Department of Education (ED)		2,493,848	1,090,537,814	1,110,404,205		2,203,435,868
SMITHSONIAN INSTITUTION						
Contract/Other	85.T08CC10105	33,368	-	-		33,368
Rehab ACT of 1973 - ILS for OBI	85.177	-	-	202,312		202,312
Smithsonian Institution Fellowship Program	85.601	-	-	2,344		2,344
Total Smithsonian Institution		33,368	-	204,656		238,024
NATIONAL ARCHIVES & RECORDS ADMINISTRATION						
National Archives and Records Administration - Research and Development	89.RD	285,359	-	-		285,359
Total National Archives & Records Administration		285,359	-	-		285,359
ELECTION ASSISTANCE COMMISSION (EAC)						
Help America Vote Act	90.401	-	-	7,741,850		7,741,850
Election Assistance Commission - Research & Development	90.RD	2,767	-	-		2,767
Total Election Assistance Commission (EAC)		2,767	-	7,741,850		7,744,617

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US INSTITUTE OF PEACE						
United States Institute of Peace - Research & Development	91.RD	\$ 6,802	\$ -	\$ -		\$ 6,802
Total US Institute of Peace		6,802	-	-		6,802
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)						
Contract/Other	93.000	-	-	1,674,714		1,674,714
Contract/Other	93.Unknown	-	-	7,516		7,516
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	54,275	-	-		54,275
Minority Health State Partnership	93.006	-	-	215,580		215,580
Medical Reserve Corp Small Grant Program	93.008	-	-	483		483
Pass-Through National Association of Counties and Cities	93.008	-	-	2,629		2,629
Programs for Prevention of Elder Abuse	93.041	-	-	422,178		422,178
Long Term Care Ombudsman Services for Older Individuals	93.042	-	-	129,553		129,553
Special Programs for the Aging: Title III, Part F: Disease Prevention & Health Promotion Services	93.043	-	-	361,152		361,152
Aging Cluster						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services & Senior Centers	93.044	-	-	6,813,661		6,813,661
Special Programs for the Aging: Title III, Part C: Nutrition Services	93.045	-	-	10,398,871		10,398,871
Nutrition Services Incentive Program	93.053	-	-	1,890,225		1,890,225
Aging Home-Delivered Nutrition Services for States - ARRA	93.705	-	-	595,196		595,196
Aging Congregate Nutrition Services for States - ARRA	93.707	-	-	1,036,467		1,036,467
Total Aging Cluster					20,734,420	
Special Programs for the Aging: Title IV: Training, Research & Discretionary Projects & Programs	93.048	-	-	412,730		412,730
Nation Family Caregiver Support Program	93.052	-	-	2,442,275		2,442,275
Public Health Emergency Preparedness	93.069	-	-	31,316,853		31,316,853
Asthma - From a Public Health Perspective	93.070	-	-	352,867		352,867
Pass-Through Insight Policy Research	93.08112393	13,434	-	-		13,434
Healthy Marriage Promotion & Responsible Fatherhood Grants	93.086	-	-	978,860		978,860
Pass-Through Cecil County Department of Social Services	93.086	-	-	12,000		12,000
ASPAR-ESAR/VHP	93.089	-	-	14,765		14,765
Food & Drug Administration Research	93.103	-	-	142,818		142,818
Comprehensive Community Mental Health Services for SED	93.104	-	-	575,099		575,099
Pass-Through Science Applications International Corporation (SAIC) - Frederick	93.105X062	80,423	-	-		80,423
Maternal & Child Health Federal Consolidated Programs	93.110	-	-	215,201		215,201
Environmental Health	93.113	4,000	-	-		4,000
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	-	-	1,230,229		1,230,229
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	-	-	100		100
Oral Diseases and Disorders Research - ARRA	93.121	218,127	-	-		218,127
Emergency Medical Services for Children	93.127	-	-	111,210		111,210
Primary Care Services: Resource Coordination & Development: Primary Care Offices	93.130	-	-	245,946		245,946
Injury Prevention & Control Research & State & Community Based Programs	93.136	-	-	1,357,181		1,357,181
Project for Assistance in Transition From Homelessness - (PATH)	93.150	-	-	1,100,387		1,100,387
Coordinated HIV Services & Access to Research for Children, Youth, Women & Families	93.153	-	-	1,451,075		1,451,075
Grants for State Loan Repayments	93.165	-	-	250,000		250,000
Human Genome Research - ARRA	93.172	297,329	-	-		297,329
Research related to Deafness and Communication Disorders	93.173	-	-	342,037		342,037
Research related to Deafness and Communication Disorders - ARRA	93.173	79,178	-	-		79,178
Nursing Workforce Diversity	93.178	-	-	293,304		293,304
Childhood Lead Poisoning Prevention & Surveillance of Blood Lead Levels in Children	93.197	-	-	911,834		911,834
Family Planning: Services	93.217	-	-	4,922,942		4,922,942
Research on Healthcare Costs, Quality and Outcomes	93.226	118,754	-	-		118,754
Consolidated Knowledge Development and Application (KD&A) Program	93.230	-	-	83,676		83,676
National Center on Sleep Disorders - ARRA	93.233	62,206	-	-		62,206
Mental Health Research Grants	93.242	-	-	22,565		22,565
Mental Health Research Grants	93.242	28,864	-	-		28,864
Mental Health Research Grants - ARRA	93.242	88,761	-	-		88,761
Substance Abuse & Mental Health Services	93.243	-	-	3,400,767		3,400,767
Pass-Through Morehouse University School of Medicine	93.243	-	-	7,583		7,583
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	-	62,587		62,587
Substance Abuse and Mental Health Services	93.243	1,076	-	-		1,076
Advance Nursing Education Grant Program	93.247	-	-	428,835		428,835
Universal Newborn Hearing Screening	93.251	-	-	165,076		165,076
Pass-Through Morehouse University	93.260	-	-	111,372		111,372
Nurse Faculty Loan Program (NFLP)	93.264	-	-	95,852		95,852
Nurse Faculty Loan Program (NFLP) - ARRA	93.264	-	-	7,217		7,217
Immunization Grants Cluster						
Immunization Grants	93.268	-	-	4,138,067		4,138,067
Emerging Infections Sect. 317 Immune - ARRA	93.712	-	-	800,182		800,182
Total Immunization Grants Cluster					4,938,249	

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Drug Free Communities Support Program	93.276	\$ -	\$ -	\$ 189,510		\$ 189,510
Drug Free Communities Support Program Grants	93.276	-	-	2,974,146		2,974,146
Pass-Through Monroe County Sheriff's Office	93.276	-	-	64,810		64,810
Career Development Awards	93.277	-	-	32,630		32,630
Drug Abuse National Research Service Awards for Research Training	93.278	-	-	89,194		89,194
Drug Abuse Research Programs: Pass-Through Louisiana State University	93.279	-	-	63,480		63,480
Drug Abuse Research Programs	93.279	191,103	-	-		191,103
(supplemental funding from American Recovery and Reinvestment Act)	93.279	-	-	5,548		5,548
Drug Abuse Research Programs - ARRA	93.279	23,522	-	-		23,522
Pass-Through Science Applications International Corporation (SAIC)	93.279X064	275,423	-	-		275,423
Mental Health National Research Service Awards for Research Training	93.282	-	-	96,927		96,927
Center for Disease Control & Prevention:	93.283	-	-	11,760,400		11,760,400
Investigations & Tech Assistance						
Center for Disease Control & Prevention:	93.283	21,199	-	-		21,199
Investigation & Tech Assistance						
Technological Innovations to Improve Human Health	93.286	108,564	-	-		108,564
Discovery and Applied Research - ARRA	93.286	564,281	-	-		564,281
Small Rural Hospital Improvement Grants	93.301	-	-	27,301		27,301
Laboratory Animal Sciences & Primate Research - ARRA	93.306	86,717	-	-		86,717
Minority Health and Health Disparities Research	93.307	562,359	-	-		562,359
Advanced Education Nursing Traineeships	93.358	-	-	327,742		327,742
Nurse Education Practice and Retention Grants	93.359	-	-	230,511		230,511
Nursing Research - ARRA	93.361	99,250	-	-		99,250
Minority Research Training	93.375	190,944	-	-		190,944
Research Infrastructure	93.389	-	-	2,255		2,255
National Center For Research Resources	93.389	85,339	-	-		85,339
Cancer Cause & Prevention Research - ARRA	93.393	86,939	-	-		86,939
Cancer Treatment Research - ARRA	93.395	146,035	-	-		146,035
Cancer Biology Research	93.396	-	-	12,101		12,101
Cancer Centers Support Grants - ARRA	93.397	158,719	-	-		158,719
Cancer Research Manpower - ARRA	93.398	55,832	-	-		55,832
Cancer Control - ARRA	93.399	99,553	-	-		99,553
State Loan Repayment Program - ARRA	93.402	-	-	50,000		50,000
Scholarships for Disadvantage Students - ARRA	93.407	-	-	155,628		155,628
Nurse Faculty Loan Program - ARRA	93.408	6,495	-	-		6,495
State Primary Care Offices - ARRA	93.414	-	-	6,172		6,172
Food Safety & Security Monitoring Project	93.448	-	-	227,025		227,025
Promoting Safe & Stable Families	93.556	-	-	2,968,917		2,968,917
Temporary Assistance for Needy Families Cluster (TANF)						
Temporary Assistance for Needy Families	93.558	-	-	221,725,598		221,725,598
Temporary Assistance for Needy Families - ARRA	93.558	-	-	34,667,668		34,667,668
Temporary Assistance for Needy Families - ARRA	93.714	-	-	43,700,000		43,700,000
Total TANF Cluster					300,093,266	
Child Support Enforcement (CSE)	93.563	-	-	38,913,917		38,913,917
Child Support Enforcement (CSE) - ARRA	93.563	-	-	52,385,828		52,385,828
Child Support Enforcement Research	93.564	-	-	206,248		206,248
Refugee & Entrant Assistance: State Administered Programs	93.566	-	-	8,310,178		8,310,178
Refugee & Entrant Assistance: State Administered Programs	93.566	-	-	505,510		505,510
Low-Income Home Energy Assistance (LIHEAP)	93.568	-	-	81,664,618		81,664,618
Community Services Block Grant (CSBG)	93.569	-	-	7,389,715		7,389,715
Community Services Block Grant - ARRA	93.569	-	-	10,186,955		10,186,955
Community Services Block Grant: Discretionary Awards	93.570	-	-	1,110		1,110
Refugee & Entrant Assistance: Discretionary Grants	93.576	-	-	265,765		265,765
Refugee & Entrant Assistance: Discretionary Grants	93.576	-	-	50,346		50,346
Refugee & Entrant Assistance- Targeted Assistance	93.584	-	-	929,712		929,712
State Court Improvement Program	93.586	-	-	311,873		311,873
Child Care and Development Fund Cluster (CCDF)						
Child Care and Development Block Grant	93.575	-	-	25,190,093		25,190,093
Pass-through Chesapeake Community College - MD Child Care Center	93.575	-	-	11,558		11,558
Child Care and Matching Funds of the Child Care and Development Fund	93.596	-	-	48,997,526		48,997,526
Child Care and Development Block Grant - ARRA	93.713	-	-	17,523,715		17,523,715
Pass-Through Maryland Family Network - ARRA	93.713	-	-	4,519		4,519
Total CCDF Cluster					91,722,892	
Grants to States for Access & Visitation Programs	93.597	-	-	165,532		165,532
Education & Training Vouchers	93.599	-	-	1,225,230		1,225,230
Head Start	93.600	-	-	442,944		442,944
Head Start	93.600	1,883,939	-	-		1,883,939
Family Kinship Connection	93.605	-	-	201,731		201,731
Basic Center Grant for Runaway & Homeless Youth	93.623	-	-	202,409		202,409
Development Disabilities Basic Support & Advocacy Grants	93.630	-	-	894,342		894,342
Children's Justice Grants to States	93.643	-	-	1,434,637		1,434,637
Child Welfare Services: State Grants	93.645	-	-	4,395,815		4,395,815
Social Services Research & Demonstration	93.647	-	-	238,789		238,789
Keep	93.652	-	-	371,200		371,200
Foster Care: Title IV-E	93.658	-	-	71,030,410		71,030,410
Foster Care: Title IV-E - ARRA	93.658	-	-	4,554,723		4,554,723
Adoption Assistance	93.659	-	-	19,776,323		19,776,323
Adoption Assistance - ARRA	93.659	-	-	2,736,873		2,736,873
Social Services Block Grant - (SSBG)	93.667	-	-	54,231,518		54,231,518
Child Abuse & Neglect State Grants	93.669	-	-	382,303		382,303
Child Abuse and Neglect Discretionary Activities - ARRA	93.670	2,505	-	-		2,505

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Family Violence Prevention & Service/Grants for Battered Women's Shelters: States & Indian Tribes	93.671	\$ -	\$ -	\$ 1,601,758		\$ 1,601,758
Chafee Foster Care Independent Living	93.674	-	-	4,321,387		4,321,387
Trans-NIH Recovery Act Research Support	93.701	360	-	-		360
Animal Model of Dual Diagnosis	93.701	-	-	32,170		32,170
National Center for Research Resources, Recovery Act Construction Support - ARRA	93.701	99,488	-	-		99,488
Recovery Act Research Support - ARRA	93.701	2,668,079	-	-		2,668,079
Pass-Through Boston University - ARRA	93.701	35,843	-	-		35,843
Pass-Through Medical University of South Carolina - ARRA	93.701	23,373	-	-		23,373
Pass-Through Michigan Technological Institute - ARRA	93.701	46,485	-	-		46,485
Pass-Through Tufts University - ARRA	93.701	4,336	-	-		4,336
Pass-Through University of Michigan - ARRA	93.701	105,330	-	-		105,330
Pass-Through University of Missouri - ARRA	93.701	29,364	-	-		29,364
Trans-NIH Recovery Act Research Support - ARRA	93.701	11,567,153	-	83,494		11,650,647
Ambulatory Surgical CTR Healthcare - ARRA	93.717	-	-	602,249		602,249
State Health Information Exchange - ARRA	93.719	-	-	606,451		606,451
Nutrition & Physical Activity & Tobacco - ARRA	93.723	-	-	50,208		50,208
CDSMP - Recovery Act	93.725	-	-	28,904		28,904
Children's Health Insurance Program (CHIP)	93.767	-	-	153,837,884		153,837,884
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	-	-	618,915		618,915
Medicaid Cluster						
State Medicaid Fraud Control Units	93.775	-	-	1,707,629		1,707,629
State Survey & Certification of Health Care Providers & Suppliers	93.777	-	-	6,364,393		6,364,393
Medical Assistance Program (Medicaid)	93.778	-	-	3,592,506,528		3,592,506,528
Medical Assistance Program - ARRA	93.778	-	-	785,704,162		785,704,162
Total Medicaid Cluster					4,386,282,712	
Center for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations	93.779	-	-	23,669,321		23,669,321
Centers for Medicare and Medicaid Services	93.779	5,230	-	-		5,230
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	-	-	815,643		815,643
Alternate Non-Emergency Service Providers or Networks	93.790	-	-	873,748		873,748
Medicaid Transformation Grants	93.793	-	-	106,812		106,812
Cardiovascular Diseases Research	93.837	-	-	90,785		90,785
Cardiovascular Diseases Research - ARRA	93.837	10,572	-	-		10,572
Blood Diseases and Resources Research - ARRA	93.839	222,218	-	-		222,218
Arthritis, Musculoskeletal and Skin Diseases Research - ARRA	93.846	80,408	-	-		80,408
Diabetes, Digestive, and Kidney Diseases Extramural Research - ARRA	93.847	324,134	-	-		324,134
Digestive Diseases and Nutrition Research	93.848	-	-	53,791		53,791
Digestive Diseases and Nutrition Research - ARRA	93.848	320,741	-	-		320,741
Kidney Diseases, Urology and Hematology Research - ARRA	93.849	184,054	-	-		184,054
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	-	23,072		23,072
Extramural Research Programs in the Neurosciences and Neurological Disorders - ARRA	93.853	116,469	-	-		116,469
Allergy, Immunology, & Transplantation Research	93.855	-	-	187,352		187,352
Allergy, Immunology, & Transplantation Research - ARRA	93.855	1,262,491	-	-		1,262,491
Microbiology and Infectious Diseases Research - ARRA	93.856	306,459	-	-		306,459
Biomedical Research and Research	93.859	-	-	1,279,251		1,279,251
Pass-Through American Psychological Association	93.859	-	-	1,640		1,640
Biomedical Research and Research	93.859	755,150	-	-		755,150
Biomedical Research and Research - ARRA	93.859	248,115	-	-		248,115
Center for Research for Mothers and Children	93.865	-	-	1,748		1,748
Child Health and Human Development Extramural Research	93.865	84,886	-	-		84,886
Center for Research for Mothers and Children - ARRA	93.865	16,986	-	-		16,986
Aging Research	93.866	-	-	269,164		269,164
Aging Research - ARRA	93.866	195,934	-	-		195,934
Vision Research	93.867	81,276	-	-		81,276
National Bioterrorism Hospital Preparedness	93.889	-	-	11,180,595		11,180,595
Family and Community Violence Prevention Program	93.910	-	-	96,929		96,929
Rural Health Outreach - Rural Network Development Program	93.912	-	-	90,499		90,499
Grants to States for Operation of Offices of Rural Health	93.913	-	-	155,191		155,191
HIV Emergency Relief Project Grants	93.914	-	-	292,215		292,215
HIV RW Part A-Med Case Management-F5720-3/1/10-2/28/11	93.915	-	-	23,912		23,912
HIV RW Part A-HIV-EFA-Med-F2800-3/1/10-2/28/11	93.916	-	-	1,239		1,239
HIV Care Formula Grants	93.917	-	-	38,534,329		38,534,329
Public Health Service ACT - AIDS	93.938	-	-	281,151		281,151
HIV Prevention Activities: Health Department Based	93.940	-	-	13,685,715		13,685,715
HIV Demonstration, Research, Public & Professional Education	93.941	-	-	124,485		124,485
HIV Demonstration, Research, Public & Professional Education	93.941	95,662	-	-		95,662
HIV/AIDS Surveillance	93.944	-	-	1,289,792		1,289,792
Pregnancy Risk Assessment	93.946	-	-	157,198		157,198
Block Grants for Community Mental Health Services	93.958	-	-	7,679,992		7,679,992
Block Grants for Prevention & Treatment of Substance Abuse	93.959	-	-	29,875,454		29,875,454
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	-	-	1,361,599		1,361,599
Cooperative Agreements for State-Based Diabetes Control Programs & Evaluation of Surveillance Systems	93.988	-	-	4,982		4,982
International Research & Research Training - ARRA	93.989	13,691	-	-		13,691
Preventative Health & Health Services Block Grant	93.991	-	-	1,824,641		1,824,641
Maternal & Child Health Services Block Grant to the States	93.994	-	-	11,701,751		11,701,751

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Administration for Children and Families	93.RD	\$ 1,334,962	\$ -	\$ -		\$ 1,334,962
Agency for Health Care Policy and Research	93.RD	158,387	-	-		158,387
Agency for Health Care Research and Quality	93.RD	28,092	-	-		28,092
Center for Disease Control and Prevention	93.RD	53,963,919	-	-		53,963,919
Centers for Medicare and Medicaid Services	93.RD	15,890	-	-		15,890
Food and Drug Administration	93.RD	2,140,315	-	-		2,140,315
Health Resources and Services Administration	93.RD	2,715,445	-	-		2,715,445
National Institutes of Health	93.RD	218,655,344	-	-		218,655,344
Office of Population Affairs	93.RD	262,267	-	-		262,267
Pass-Through Buck Institute for Age Research	93.RD	28,462	-	-		28,462
Pass-Through University of Wisconsin	93.RD	34,589	-	-		34,589
Pass-Through American Institutes for Research	93.RD	6,001	-	-		6,001
Pass-Through Battelle Memorial Institute	93.RD	38,968	-	-		38,968
Pass-Through Boston University	93.RD	143,012	-	-		143,012
Pass-Through Brigham and Women's Hospital	93.RD	30,065	-	-		30,065
Pass-through Brigham and Women's Hospital	93.RD	60,465	-	-		60,465
Pass-Through Brown University	93.RD	59,374	-	-		59,374
Pass-Through Children's Hospital of Philadelphia	93.RD	22,640	-	-		22,640
Pass-Through Children's Research Institute	93.RD	48,681	-	-		48,681
Pass-Through Colorado School of Mines	93.RD	53,009	-	-		53,009
Pass-Through Columbia University	93.RD	240,350	-	-		240,350
Pass-Through Cornell University	93.RD	133,399	-	-		133,399
Pass-Through Fidelity Systems	93.RD	67,955	-	-		67,955
Pass-Through George Mason University	93.RD	134,740	-	-		134,740
Pass-Through Georgetown University	93.RD	109,780	-	-		109,780
Pass-Through Georgetown University Lombardi Comprehensive Cancer Center	93.RD	160	-	-		160
Pass-Through Hugo W Moser Research at Kennedy Krieger, Inc.	93.RD	5,237	-	-		5,237
Pass-Through Imperial College School of Medicine	93.RD	36,319	-	-		36,319
Pass-Through Indiana University	93.RD	33,148	-	-		33,148
Pass-Through Johns Hopkins University	93.RD	5,950	-	-		5,950
Pass-Through Johns Hopkins University	93.RD	1,260,072	-	-		1,260,072
Pass-Through Kennedy Krieger Institute	93.RD	398,334	-	-		398,334
Pass-Through Medical University of South Carolina	93.RD	70,159	-	-		70,159
Pass-Through Mount Sinai School of Medicine	93.RD	1,640,393	-	-		1,640,393
Pass-Through New York University	93.RD	31,822	-	-		31,822
Pass-Through Ohio State University	93.RD	9,309	-	-		9,309
Pass-Through Pennsylvania State University	93.RD	367	-	-		367
Pass-Through Research Foundation of State University of New York	93.RD	36,931	-	-		36,931
Pass-Through Rice University	93.RD	25,701	-	-		25,701
Pass-Through Samaria, Inc	93.RD	34,186	-	-		34,186
Pass-Through Stanford University	93.RD	153,575	-	-		153,575
Pass-Through Temple University	93.RD	164,774	-	-		164,774
Pass-Through The Mind Research Network	93.RD	217,358	-	-		217,358
Pass-Through University of Alabama at Birmingham	93.RD	68,858	-	-		68,858
Pass-Through University of Alabama- Birmingham	93.RD	6,571	-	-		6,571
Pass-Through University of California	93.RD	267,391	-	-		267,391
Pass-Through University of California, San Francisco	93.RD	14,273	-	-		14,273
Pass-Through University of Cincinnati	93.RD	143,875	-	-		143,875
Pass-Through University of Massachusetts	93.RD	28,503	-	-		28,503
Pass-Through University of Massachusetts Medical Center	93.RD	10,039	-	-		10,039
Pass-Through University of Minnesota	93.RD	194,519	-	-		194,519
Pass-Through University of New Mexico	93.RD	110,959	-	-		110,959
Pass-Through University of North Carolina at Chapel Hill	93.RD	65,565	-	-		65,565
Pass-Through University of Oklahoma	93.RD	30,190	-	-		30,190
Pass-Through University of Texas	93.RD	21,901	-	-		21,901
Pass-Through University of Utah	93.RD	20,166	-	-		20,166
Pass-Through University of Virginia	93.RD	46,259	-	-		46,259
Pass-Through Virginia Polytechnic and State University	93.RD	233,456	-	-		233,456
Substance Abuse and Mental Health Services Administration	93.RD	13,232,799	-	-		13,232,799
Total Department of Health and Human Services - (HHS)		323,704,661	-	5,549,863,373		5,873,568,034
CORPORATION FOR NATIONAL & COMMUNITY SERVICES (CNCS)						
CNCS	94.000	-	-	3,979		3,979
State Commissions	94.003	-	-	347,158		347,158
Learn & Serve America: School & Community Board Programs	94.004	-	-	369,817		369,817
Learn & Serve America: Higher education	94.005	21,540	-	-		21,540
AmeriCorps	94.006	-	-	4,722,961		4,722,961
AmeriCorps - ARRA	94.006	-	-	613,265		613,265
Planning & Program Development Grants	94.007	-	-	229,397		229,397
Planning & Program Development Grants	94.007	-	-	15,516		15,516
Training & Technical Assistance	94.009	-	-	42,922		42,922
Foster Grandparent Program	94.011	-	-	305,678		305,678
Volunteers in Service to America (VISTA)	94.013	-	-	33,269		33,269
Volunteers in Service to America (VISTA) - ARRA	94.013	-	-	9,790		9,790
Corporation for National and Community Service	94.RD	1,003,612	-	-		1,003,612
Total Corporation for National & Community Services		1,025,152	-	6,693,752		7,718,904

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<u>SOCIAL SECURITY ADMINISTRATION (SSA)</u>						
Pass-Through Center for Retirement Research at Boston College	96.RD	\$ 35,271	\$ -	\$ -		\$ 35,271
Pass-Through Westat Incorporated	96.RD	85,330	-	-		85,330
Disability Insurance/SSI Cluster						
Social Security - Disability Insurance (DI)	96.001	-	-	31,198,818		31,198,818
Supplemental Security Income - (SSI)	96.006	-	-	1,949,618		1,949,618
Total Disability Insurance/SSI Cluster					33,148,436	
Total Social Security Administration - (SSA)						33,269,037
<u>HOMELAND SECURITY</u>						
UT-Battelle ORNL DOE	97.002	43,181	-	-		43,181
NRC - Safeguards Information	97.005	-	-	1,735		1,735
Urban Areas Security Initiative	97.008	-	-	14,747,059		14,747,059
Boating Safety Financial Assistance	97.012	-	-	4,066,471		4,066,471
Community Assistance Program State Support Services Element-(CAP-SSSE)	97.023	-	-	132,248		132,248
Flood Mitigation Assistance - (FMA)	97.029	-	-	39,977		39,977
Public Assistance Grants	97.036	-	-	8,646,497		8,646,497
Hazard Mitigation Grant - (HMGp)	97.039	-	-	77,061		77,061
Pass-Through Vision Planning, LLC	97.039	-	-	23,718		23,718
National Dam Safety Program	97.041	-	-	31,116		31,116
Emergency Management Performance Grants	97.042	-	-	3,894,110		3,894,110
State Fire Training Systems Grant	97.043	-	-	28,000		28,000
Emergency Management - Cooperating Technical Partners	97.045	-	-	637,958		637,958
Pre-Disaster Mitigation	97.047	-	-	82,235		82,235
Citizen Corps	97.053	-	-	183,933		183,933
Interoperable Emergency Communications Grant Program - FY 2008	97.055	-	-	94,247		94,247
Port Security Grant Program for Critical National Seaports	97.056	-	-	307,254		307,254
Centers for Homeland Security	97.061	27,766	-	-		27,766
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066	-	-	2,423,476		2,423,476
Homeland Security Grant Program	97.067	-	-	10,255,559		10,255,559
Map Modernization Mgmt. Support Program (MMMS)	97.070	-	-	219,967		219,967
Metropolitan Medical Response Program	97.071	-	-	258,209		258,209
K-9 Grant	97.072	-	-	630,501		630,501
Law Enforcement Terrorism Prevention Program	97.074	-	-	4,061,142		4,061,142
Homeland Security - MDOT Grant	97.075	-	-	2,221,273		2,221,273
Buffer Zone Protection Program	97.078	-	-	520,094		520,094
Real ID FY 2008	97.089	-	-	735,868		735,868
Law Enforcement Officer Reimb.	97.090	-	-	306,195		306,195
Degrees at a Distance Program	97.103	-	-	5,000		5,000
Homeland Security - Related Science, Technology, Engineering, and Mathematics (HS Stem) Career Development Program	97.104	-	-	217,030		217,030
Technology, Engineering and Mathematics (STEM) Career Development	97.104	2,828	-	-		2,828
Regional Catastrophic Prep Grant Program - FY 2008	97.111	-	-	608,584		608,584
Pass-Through RTI International	97.33120211772	60,778	-	-		60,778
Department of Homeland Security	97.RD	7,548,758	-	-		7,548,758
Pass-Through John Jay College of Criminal Justice, The City University of New York	97.RD	1,577	-	-		1,577
Total Homeland Security						63,141,405
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>						
Pass-Through Institute International Education	98.001	-	-	2,718		2,718
Pass-Through Institute International Education	98.001	-	-	4,683		4,683
Agency for International Development	98.RD	122,746	-	-		122,746
Total Agency for International Development						130,147
<u>OTHER</u>						
Vietnam Educational Foundation	99.Unknown	-	-	4,028		4,028
Total Other						4,028
TOTAL		\$ 645,932,454	\$ 1,090,537,814	\$ 11,480,334,638		\$ 13,216,804,906

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

1. SINGLE AUDIT REPORTING ENTITY

The State of Maryland (State) includes expenditures in its Schedule of Expenditures of Federal Awards for all Federal programs administered by the funds, agencies, boards and commissions, including component units, included in the State's reporting entity used for its basic financial statements, including the component unit higher education funds - the University System of Maryland, the Baltimore City Community College, Morgan State University, and St. Mary's College of Maryland. However, the Schedule of Expenditures of Federal Awards excludes the Maryland Water Quality Financing Administration of the Maryland Department of the Environment; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State; and the Maryland Health Insurance program, part of the general fund of the State. Separate single audits are conducted for these entities.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards has been presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

The expenditures for Federal awards under the Recovery Act are separately identified on the accompanying Schedule of Expenditures of Federal Awards (SEFA) with the letters ARRA.

The noncash expenditures of \$18,032,000 reported under CFDA No. 10.550, Food Donation, represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2009. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2010.

The noncash expenditures of \$7,345,000 relating to the Emergency Food Assistance Program reported under CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities), represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2009. The food commodities were received by the Maryland Department of Human Resources from the U.S. Department of Agriculture for the year ended June 30, 2010.

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

2. BASIS OF ACCOUNTING (continued)

Expenditures of \$836,292,000 reported under CFDA No. 10.551, Supplemental Nutrition Assistance Program (SNAP), represent the fair market value of food stamps distributed for participants' food stamp purchases during the fiscal year ended June 30, 2010. The reported expenditures for benefits under the SNAP (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.38 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2010.

Noncash expenditures of \$179,000 for CFDA No. 39.003, Donation of Federal Surplus Personal Property, represents the average fair market value percentage per the General Services Administration (GSA) of 25% of the Federal government original acquisition cost (OAC) of the Federal property transferred to recipients by the State during the fiscal year ended June 30, 2010.

3. CATEGORIZATION OF EXPENDITURES

The accompanying Schedule of Expenditures of Federal Awards reflects Federal expenditures for all individual grants that were active during the year. The categorization of expenditures by program included in the accompanying Schedule of Expenditures of Federal Awards is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued in June and December of each year. In accordance with the State's policy, the accompanying Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2010, reflects CFDA changes issued through June 2010.

The expenditures for Federal awards under the American Recovery and Reinvestment Act are separately identified on the Schedule of Federal Awards (SEFA) with the letters ARRA.

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

4. STATE NONMONETARY FEDERAL FINANCIAL ASSISTANCE

The State distributes Federal surplus food to the institutions (schools, hospitals, and prisons) and to the needy. The total inventory balance of Federal surplus food on hand as of June 30, 2010, was \$64,000 for CFDA No. 10.550, Food Donation Program and \$213,000 for CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities). The surplus food was valued using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2009.

When surplus property is transferred to recipients, it is valued at 25 percent of its OAC, which represents an estimated fair market value of the property transferred. The value of donated Federal surplus property on hand as of June 30, 2010, was \$0 for CFDA No. 39.003, Donation of Federal Surplus Personal Property Program.

5. OTHER AUDIT FINDINGS

Other audit reports exist that have also identified findings and questioned costs affecting the State's various Federal programs during the year ended June 30, 2010. Because those issues have been previously reported to the affected Federal agencies, the issues identified in other audit reports have not been repeated in the single audit Findings and Questioned Costs for the year ended June 30, 2010.

The State believes that none of the matters questioned will have a significant impact on the Schedule of Expenditures of Federal Awards.

6. UNEMPLOYMENT INSURANCE

In accordance with the Department of Labor, Office of Inspector General instructions, the State recorded State Regular Unemployment Compensation (UC) benefits under CFDA No. 17.225 on the accompanying Schedule of Expenditures of Federal Awards. The individual State and Federal portions are as follows:

State Regular UC benefits	\$ 1,052,672,223
Federal UC benefits	981,934,465
Federal UC administrative costs	78,433,354
Total Benefits	<u>\$ 2,113,040,042</u>

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

7. FEDERAL MORTGAGE PLANS

The State operates several programs that purchase Federally guaranteed loans, primarily mortgages, from the originators. As the State has no responsibility for determining eligibility or compliance, these guarantees are not considered Federal financial assistance for purposes of the single audit.

8. LOAN PROGRAMS

St. Mary's College of Maryland

St. Mary's College of Maryland (the College) administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The College received no Federal funds under the Program for the fiscal year ended June 30, 2010. The outstanding loan balance of \$255,213 as of June 30, 2009, and the outstanding loan balance of \$251,899 as of June 30, 2010, are not considered current year Federal expenditures. The accompanying Schedule of Expenditures of Federal Awards includes \$30,455 for loans issued during the fiscal year ended June 30, 2010.

During the fiscal year ended June 30, 2010, the College processed the following amount of new loans under the Federal Family Education Loan Program, which includes the Stafford Loan and PLUS Loan. Since this program is administered by outside financial institutions, new loans made during the fiscal year ended June 30, 2010, relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made during the fiscal year ended June 30, 2010, are reported in the accompanying Schedule of Expenditures of Federal Awards.

<u>CFDA Number</u>		<u>Loan Expenditures for Fiscal Year Ended June 30, 2010</u>
84.032	Stafford Loan Program	\$ 6,098,219
84.032	PLUS Loans	5,079,008
		<u>\$ 11,177,227</u>

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

8. LOAN PROGRAMS (continued)

Baltimore City Community College

Baltimore City Community College (the College) administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038) and Nursing Student Loans (CFDA No. 93.364). The outstanding loan balances as of June 30, 2010, were \$199,037 and \$13,907, respectively. There were no new loans made in the fiscal year ended June 30, 2010. The outstanding balances as of June 30, 2009, are considered current-year Federal expenditures. These amounts are reported in the accompanying Schedule of Expenditures of Federal Awards.

Morgan State University

Morgan State University (the University) administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The outstanding loan balance of \$3,402,098 as of June 30, 2009, the loan expenditures of \$112,250 for the fiscal year ended June 30, 2010, and the fiscal year 2010 administrative cost allowance of \$5,612 are considered current-year Federal expenditures. These amounts are reported in the accompanying Schedule of Expenditures of Federal Awards.

During the fiscal year ended June 30, 2010, the University processed \$46,036,881 of new loans under the Federal Direct Loan Program (CFDA No. 84.268). Since this program is administered by outside financial institutions, the new loans made in the fiscal year ended June 30, 2010, relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2010, are reported in the accompanying Schedule of Expenditures of Federal Awards.

University System of Maryland

During the year ended June 30, 2010, the University System of Maryland (the System) processed the following amount of new loans under the Federal Direct Student Loan Program and Federal Family Education Loan Program, which includes the Stafford Loan, Plus Loan School as Lender Program, and Graduate PLUS Loan Program. Since these loan programs are administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2010, are reported in the accompanying Schedule of Expenditures of Federal Awards, whereas the outstanding loan balances are not.

<u>CFDA Number</u>		<u>Loan Expenditures for Fiscal Year Ended June 30, 2010</u>
84.032	Federal Family Education Loans	\$ 184,653,032
84.268	Federal Direct Student Loans	603,442,921
	Total	\$ 788,095,953

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

8. LOAN PROGRAMS (continued)

University System of Maryland (continued)

The System also administers loans under the Economic Adjustment Assistance Program (CFDA No. 11.307). Under this program, the System uses revolving loan funds to enhance economic activity. The revolving loan fund (RLF) assists business development and expansion. Below is the detail to support the calculation of Total Federal Awards Expended as included in the Schedule of Expenditures of Federal Awards:

Economic Development Administration (EDA) Award Numbers(s)	014903420- 01490342001	014903271	011903134
1. Balance of RLF loans outstanding at the end of the fiscal year, <i>plus</i>	\$ 2,771,436	\$ 651,059	\$ 519,391
2. Cash and investment balance in the RLF at the end of the fiscal year, <i>plus</i>	1,723,722	1,058,137	16,790
3. Administrative expenses paid out of RLF income during the fiscal year, <i>plus</i>	194,528	-	-
4. The unpaid principal of all loans written off during the fiscal year, <i>and then multiply this sum (1+2+3+4) by</i>	-	-	-
5. The Federal share of the RLF	75%	75%	57.4713%
6. Total Federal Awards Expended	<u>\$ 3,517,264</u>	<u>\$ 1,281,897</u>	<u>\$ 308,150</u>

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

8. LOAN PROGRAMS (continued)

University System of Maryland (continued)

The System administers the following Federal Student Financial Assistance Programs:

CFDA Number		Balance Outstanding as of June 30, 2009	Loan Expenditures for Fiscal Year Ended June 30, 2010
84.038	Perkins Loan Programs	\$ 62,394,915	\$ 6,260,180
93.264	Nurse Faculty Loan Program (NFLP) (ARRA)	-	7,217
93.264	Nurse Faculty Loan Program (NFLP)	65,852	30,000
93.364	Federal Nursing Loan - Undergraduate	1,354,291	230,500
93.364	Federal Nursing Loan - Graduate	271,666	24,000
93.342	Health Professional Loan - Dental	5,087,143	813,800
93.342	Health Professional Loan - Medical	73,812	-
93.342	Health Professional Loan - Pharmacy	1,156,488	252,500
93.342	Primary Care	4,402,210	-
	Total	\$ 74,806,377	\$ 7,618,197

The outstanding loan balances as of June 30, 2009, and loan expenditures for the fiscal year ended June 30, 2010, are considered current-year Federal expenditures. These amounts are reported on the accompanying Schedule of Expenditures of Federal Awards.

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Section I – Summary of Independent Public Accountant’s Results

Financial Statements

Type of Independent Public Accountant’s report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness (es)? yes none reported

Noncompliance material to financial statements noted? yes none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes no

Type of Independent Public Accountant’s report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

STATE OF MARYLAND

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I – Summary of Independent Public Accountant’s Results (continued)

Identification of Major Programs

Major Program	CFDA No.	Federal Expenditures
Supplemental Nutritional Assistance Program Cluster	10.551/10.561	\$ 887,459,902
Supplemental Nutritional Assistance Program Cluster - ARRA	10.561	2,088,695
Child and Adult Care Food Program	10.558	43,349,405
Emergency Food Assistance Program Cluster	10.568/10.569	8,174,039
Emergency Food Assistance Program Cluster - ARRA	10.569	323,150
HUD - TCAP	14.000	1,409,840
HUD - TCAP - ARRA	14.000	11,179,889
Section 8 Housing Choice Vouchers	14.871	16,820,492
Unemployment Insurance	17.225	2,112,938,073
Unemployment Insurance - ARRA	17.225	101,969
Workforce Investment Act Cluster	17.258/17.259/ 17.260	32,424,689
Workforce Investment Act Cluster - ARRA	17.258/17.259/ 17.260	13,939,769
Highway Planning and Construction Cluster	20.205/23.003	350,812,116
Highway Planning and Construction Cluster - ARRA	20.205	156,083,831
Federal Transit Cluster	20.500/20.507	212,594,975
Federal Transit Cluster - ARRA	20.500/20.507	40,500,053
Section 1602 Monetization- ARRA	40. unknown	21,184,812
Title I, Part A Cluster	84.010/84.389	201,335,131
Title I, Part A Cluster - ARRA	84.389	53,923,501
Special Education Cluster	84.027/84.173	205,323,812
Special Education Cluster - ARRA	84.027/84.391/84.392	75,645,001
Vocational Rehabilitation Cluster	84.126	37,612,852
Vocational Rehabilitation Cluster - ARRA	84.390	4,515,983
State Fiscal Stabilization Fund Cluster - ARRA	84.394/84.397	350,802,345
Aging Cluster	93.044/93.045/93.053	19,102,757
Aging Cluster - ARRA	93.705/93.707	1,631,663
Temporary Assistance for Needy Families Cluster	93.558/93.714	221,725,598
Temporary Assistance for Needy Families Cluster - ARRA	93.558/93.714	78,367,668
Child Support Enforcement	93.563	38,913,917
Child Support Enforcement - ARRA	93.563	52,385,828
Child Care and Development Block Grant	93.575/93.596	74,194,658
Child Care and Development Block Grant - ARRA	93.713	17,528,234
Foster Care: Title IV-E	93.658	71,030,410
Foster Care: Title IV-E - ARRA	93.658	4,554,723
Adoption Assistance	93.659	19,776,323
Adoption Assistance - ARRA	93.659	2,736,873
Children's Health Insurance Program	93.767	153,837,884
Medicaid Cluster	93.775/93.777/93.778	3,600,578,550
Medicaid Cluster - ARRA	93.778	785,704,162
Block Grants for Prevention & Treatment of Substance Abuse	93.959	29,875,454
Student Financial Aid Cluster	84.007/84.032/84.033/84.038/84.063/84.268/84.375/84.376/84.379/93.342/93.364	1,082,009,357
Research and Development Cluster (R&D)	Various	645,932,454
Passenger Facility Charges	Unknown	38,485,093
Total		\$ 11,778,915,930

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding No.	Funding Department	Title of Finding
2010-1	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency Over the Eligibility Determination Process
2010-2	U.S. Department of Health and Human Services	Compliance Deficiency Over Allowable Costs - Recoveries, Refunds, Rebates and Third Party Liabilities
2010-3	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency Over Reporting of Program Income
2010-4	U.S. Department of Health and Human Services	Compliance and Internal Control Control Deficiency Over Special Tests - Provider Health and Safety Standards
2010-5	U.S. Department of Health and Human Services	Compliance Deficiency Over Level of Effort
2010-6	U.S. Department of Health and Human Services	Compliance Deficiency Over Subrecipient Monitoring
2010-7	U.S. Department of Health and Human Services	Internal Control Deficiency Over Cash Management
2010-8	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency Over Eligibility
2010-9	U.S. Department of Health and Human Services	Compliance Deficiency Over Activities Allowed and Allowable Costs
2010-10	U.S. Department of Agriculture	Compliance and Significant Deficiency Over Accountability for Commodities
2010-11	Federal Aviation Administration	Compliance Deficiency Over Reporting
2010-12	U.S. Department of Education	Compliance and Internal Control Deficiency Over Special Reporting
2010-13	U.S. Department of Education	Compliance and Internal Control Deficiency on Return of Title IV Funds
2010-14	U.S. Department of Education	Compliance and Internal Control Deficiency Over Student Status Changes
2010-15	U.S. Department of Education	Compliance and Internal Control Deficiency on Return of Title IV Funds
2010-16	U.S. Department of Education	Compliance and Internal Control Deficiency Over Verification
2010-17	U.S. Department of Education	Compliance Deficiency Over Student Status Changes
2010-18	U.S. Department of Education	Compliance and Internal Control Deficiency Over Student Loan Repayment

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 1

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program Medicaid Cluster CFDA No. 93.775, 93.777, 93.778

Children's Health Insurance Program (CHIP) CFDA No. 93.767

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency Over the Eligibility Determination Process

Criteria:

OMB Circular A-133 states that "States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children." Under the State plan, only targeted low-income children who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage (including access to a state health benefits plan) are furnished child health assistance under the state child health plan.

The following are standards for eligibility determinations per OMB A-133 and Maryland's State Plan:

1. Children under age 19
2. Countable income is at or below 200% of the federal poverty level (FPL)
3. Pregnant women of any age whose countable income is at or below 250% FPL
4. Current resident of the State of Maryland
5. Applicants are required to provide a Social Security Number or apply for a Social Security Number
6. A U.S. Citizen
7. Qualified aliens, as defined at 8 USC 1641, who entered the U.S. on or after August 22, 1996, are not eligible for CHIP for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8USC 1613.
8. Eligibility must be redetermined at least every 12 months.

Condition:

The Local Health Departments (LHD) and the Local Departments of Social Services (LDSS) are responsible for determining eligibility under the Maryland Children's Health Insurance Program (CHIP) on a uniform basis throughout the State for persons who apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 60 CHIP claims and 60 Medicaid claims to review files for eligibility determination. All claims were processed during the fiscal year ended June 30, 2010. Below are the exceptions:

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 1 (continued)

CHIP

Anne Arundel County - LHD

During our testing, we noted the annual redetermination was made after the 12 month required period for one individual.

Baltimore City - LDSS

During our testing, we noted one individual that did not have proof of citizenship in their case file.

Prince Georges County -LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

Medicaid Program

DHMH

During our testing, we noted for one individual, the application was received in 2008, but was not considered eligible until 2010. No annual redetermination was made for this individual until 2010. DHMH processed and accepted the original application from 2008.

Baltimore City - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

Baltimore County - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

The benefits paid for the related cases above totaled \$21,589 for the fiscal year ended June 30, 2010.

Cause:

LHD and LDSS personnel did not obtain or maintain the necessary documentation to support the eligibility determination, and DHMH (PAC) and the LHD did not re-determine eligibility at least every 12 months.

Effect:

Since documentation, re-determinations and verifications were not performed in accordance with program requirements, DHMH does not have adequate assurance that eligibility for Medicaid and CHIP is being properly determined.

Questioned Costs:

\$21,589

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 1 (continued)

Recommendation:

We recommend that DHMH's Local Health Departments, Local Departments of Social Services and Division of Eligibility Waiver Services/Primary Adult Program comply with established Federal and state regulations for determining eligibility by obtaining and maintaining the required documentation and performing verifications to support eligibility decisions, and re-determining eligibility as required.

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD), Local Departments of Social Services (LDSS) and the Division of Eligibility Waiver Services/Primary Adult Program (DEWS/PAC) comply with established Federal and state regulations for determining eligibility by obtaining and maintaining the required documentation, performing verifications to support eligibility decisions, and re-determining eligibility as required.

DHMH will work with the Department of Human Resources (DHR) and the LDH on issues with obtaining and maintaining documentation, performing the appropriate clearances at application and redetermination, transferring case records between local departments, record retention and re-determining eligibility appropriately. In addition to following-up with each cited local department, we will issue an information memorandum highlighting the issues to all eligibility workers by the end of the fiscal year. Additionally, we will add appropriate items to the agenda for the regularly scheduled meetings and training sessions beginning in April 2011.

The eligibility and re-determination process for PAC is provided for on a separate system from Medicaid and CHIP. There were multiple enhancements to the PAC Eligibility system in 2009 and 2010. Once the enhancements were made, DHMH made provisions for the backlog associated with the PAC Eligibility system down time to be resolved. Although the re-determination were not completely timely as required by Federal and State regulations, continued eligibility was re-established when the system enhancements were completed.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 2

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance Deficiency Over Allowable Costs – Recoveries, Refunds, Rebates and Third Party Liabilities

Criteria:

Per 42 CFR sections 433.135 through 433.154:

States must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought.

Per 42 CFR sections 433.300 through 433.320, and 433.40:

The State is required to credit the Medicaid program for (1) State warrants that are canceled and uncashed checks beyond 180 days of issuance (escheated warrants) and (2) overpayments made to providers of medical services within specified time frames. In most cases, the State must refund provider overpayments to the Federal Government within 60 days of identification of the overpayment, regardless of whether the overpayment was collected from the provider.

Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to Center for Medicaid Services (CMS) of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on these data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

Condition:

The State receives drug rebates for drug purchases. Drug manufacturers are required to provide a listing to CMS of all covered drugs on a quarterly basis. CMS provides this data to the State. No later than 60 days after the end of the quarter, the State must provide to drug manufacturers drug utilization data. During the audit, we noted for the quarter ended September 30, 2009, the data was submitted on December 1 2009, or 62 days after the quarter end. Also for the quarter ended June 30, 2010, the data was submitted on August 31, 2010, or 62 days after the quarter end.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 2 (continued)

Condition (continued):

Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found. During our audit, we noted of a sample size of 60, there were 39 selections where the payment date was in excess of 30 days. Of the 39 items noted above, 26 were in excess of 45 days, one was over 300 days and one payment has not been received to date.

During our audit, we noted DHMH contracts with a third party to pursue third party liabilities. We were unable to determine the extent to which reimbursement was sought for the claims with open reimbursement status. We also noted the State does not currently communicate with the service provider regarding the status of open claims and does not monitor the claims collection process. The only information DHMH obtains is the payment data on collections from the third party contractor.

Cause:

The above is due to timing of DHMH receiving information/data from CMS and due to lack of information obtained from the TPL contractor to evidence proper pursuit and follow up of third party liabilities. DHMH does not have a policy manual that outlines State and third party service provider responsibilities over the management of open TPL claims.

Effect:

DHMH is not in compliance with the allowable costs requirements related to recoveries, refunds and rebates and third party liabilities. There is a risk that reimbursement for claims will not be adequately sought. There is also a risk that TPL related accounts receivable will not be properly recorded and presented in financial reports.

Questioned Costs:

Unknown

Recommendation:

We recommend DHMH obtain a waiver from CMS for delays in receipt of information required for OMB A-133 requirements. We also recommend DHMH obtain evidence to support the pursuit of third party liabilities collections before and after a claim is processed, not only the information on collections obtained.

Auditee Response and Corrective Action Plan:

The Department concurs with the recommendation. The Department sent an e-mail to the Center for Medicare and Medicaid Services (CMS) on February 17, 2011 asking for guidance on how to proceed with obtaining a waiver for delays in receipt of information required for OMB A-133 requirements. As of March 7, 2011, CMS has not responded to the e-mail. To ensure the drug utilization data is provided to drug manufacturers no later than 60 days after the end of the quarter, the Department will send a reminder e-mail to its rebates vendor 45 days after the end of the quarter to remind them that utilization data is due to the drug manufacturers no later than 60 days after the end of the quarter.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 2 (continued)

Auditee Response and Corrective Action Plan (continued):

Recommendation #2

The Department concurs with the recommendation. The Division of Recoveries and Financial Services (DRAFS) met with the Third Party Liability (TPL) contractor on March 7, 2011, to discuss metrics that support the pursuit of third party liabilities collections. Beginning in May 2011, DRAFS will receive and review a monthly report from the contractor that will compare the number of open claims in a re-bill status to the total number of claims for the same time period. This report will identify each collection attempt made by the contractor along with the related results and any funds collected. The report review cycle will consist of a rolling one-year period beginning with July 1, 2009, as a baseline for this metric.

Auditor's Conclusion:

Based on the above, finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 3

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.776, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency Over Reporting of Program Income

Criteria:

Per 2 CFR section 215.22:

2(g) To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

Condition:

DHMH received \$141,045 in premiums for fiscal year 2010 related to the Medicaid program. The receipt of this program income was not reported in fiscal year 2010 during the cash management process as a reduction in claim expenses requested from the Federal government.

Cause:

DHMH did not consistently follow its procedures to report program income properly during the cash management process.

Effect:

DHMH is not in compliance with reporting of program income received during the year.

Questioned Costs:

\$86,869 which represents the 61.59% match for Federal funds.

Recommendation:

We recommend DHMH consistently follow its process to adhere to the reporting requirements of program income.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 3 (continued)

Auditee Response and Corrective Action Plan:

The Administration agrees with the finding. The actual Federal funds to be returned are \$86,869. This is composed of the regular 50% Federal Medical Assistance Percentages (FMAP) of \$70,522 and the additional 11.59% ARRA funding of \$16,347. These funds will be returned as line 10B (decreasing) prior period adjustments on the upcoming Centers for Medicare and Medicaid Services CMS 64 report for the quarter ending March 31, 2011.

The Administration will process future Employed Individuals With Disabilities (EID) recoveries through Medical Management Information Systems, whereby the Federal share will be automatically included as a reduction to the draw of Federal funds.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 4

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency Over Special Tests – Provider Health and Safety Standards

Criteria:

Per OMB Circular A-133, payments are to be made only to institutions that meet prescribed health and safety standards. The State should ensure that hospitals, nursing facilities and ICF/MR that serve Medicaid patients meet the prescribed health and safety standards.

Condition:

The State performs reviews of Medicaid providers to ensure they meet the health and safety standards. During our testing of 60 nursing homes and hospital providers, there were a total of five files that did not have full documentation of the review. Three cases did not have a physical file. We obtained the signed CMS forms from the computer system indicating the review happened and if any corrective action was required. However, there was no documentation of the records reviewed, such as regulatory correspondence and interviews with provider staff. Five cases did not have signed CMS forms. One case file that indicated a corrective action plan was needed did not have the corrective action plan in the file.

Cause:

There was no adequate review of the case files to ensure they were complete.

Effect:

DHMH has inadequate internal controls over the completeness of the case files.

Questioned Costs:

None

Recommendation:

We recommend DHMH implement an improved system of internal controls to ensure case files reviewed for provider health and safety standards are complete and are adequate to ensure the providers meet the required standards.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 4 (continued)

Auditee Response and Corrective Action Plan:

The Department of Health and Mental Hygiene (DHMH) has reviewed the five cases cited by the auditors and concurs with five exceptions noted.

The Program Manager has developed a survey packet checklist for the survey coordinators' use to ensure that all survey documentation is present, complete and in a consistent order prior to being filed. This list will be submitted with the survey packet kit to either the program manager or the deputy director for review and for the second signature on the CMS 1539. The program manager or deputy director will not sign the CMS 1539 unless all survey documentation is present, complete and in the prescribed order. Kits identified as incomplete or not in prescribed order will be returned to survey coordinator for correction. Packet will be corrected and re-submitted to program manager or deputy director for their approval/signature on the CMS 1539. Another checklist has been developed by the program manager for complaint and incident review surveys, these packets will be verified as complete and in a consistent order by signatures of the surveyor and the surveyor's supervisor.

The checklists will be filed with the survey packets.

Use of the checklists has been initiated for all surveys completed since March 1, 2011.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 5

Department of Health and Mental Hygiene

**Block Grants For Prevention and Treatment of Substance Abuse
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance Deficiency Over Level of Effort

Criteria:

Per OMB Circular A-133:

Block Grants for Prevention and Treatment of Substance Abuse, Part II, Subpart G.2.1.a, states that “the State shall for each fiscal year maintain aggregate State expenditures for authorized activities by the principal agency at a level that is not less than the average level of such expenditures maintained by the State for the two State fiscal years preceding the fiscal year for which the State is applying for the grant.”

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). ADAA is required to submit to the Substance Abuse and Mental Health Services Administration (SAMHSA), an operating division of the Department of Health and Human Services, its calculation of level of effort relative to the State’s expenditures for Substance Abuse (SSA MOE Table I). During the audit, we reviewed the calculation and noted that the expenditures for fiscal year 2010 were less than the average of the prior two year expenditures for the substance abuse program.

Cause:

DHMH failed to expend in fiscal year 2010 more than the average of the prior two years for substance abuse as required by OMB Circular A-133. The decrease in maintenance of effort is due to budget cuts experienced by the State.

Effect:

DHMH is not in compliance with the Level of Effort requirement for the substance abuse program.

Questioned Costs:

None

Recommendation:

We recommend that DHMH contact SAMHSA to obtain a waiver of this Federal requirement if the abuse program is unable to maintain its level of effort.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 5 (continued)

Auditee Response and Corrective Action Plan:

The ADAA concurs with the recommendation. The ADAA has been in contact with the Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Treatment, about the Level of Effort requirement. The ADAA is awaiting direction from SAMHSA as to next steps.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 6

Department of Health and Mental Hygiene

**Block Grants For Prevention and Treatment of Substance Abuse
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance Deficiency Over Subrecipient Monitoring

Criteria:

Per OMB Circular A-133 and 31 USC 7502(f)(2)(B):

A pass-through entity is responsible for:

Award Identification – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

During-the-Award Monitoring – Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Subrecipient Audits – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). ADAA is required to monitor the services of the providers that administer direct services to those participating in the Substance Abuse Prevention and Treatment programs.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 6 (continued)

Condition (continued):

During our audit, we noted ADAA failed to monitor three of its subrecipients during the year. Additionally, three subrecipients did not submit the required reports; therefore the required monitoring could not be performed. Two of the subrecipients did not issue corrective action plans as requested to ADAA and two subrecipients did not have the corrective action plans approved within 10 days of receipt of the plan.

Effect:

DHMH is not in compliance with the subrecipient monitoring requirements of OMB Circular A-133.

Questioned Costs:

Unknown

Recommendation:

We recommend that ADAA set up more stringent procedures that ensure that all programs are monitored each year and that the established monitoring and follow up procedures are performed by each reviewer.

Auditee Response and Corrective Action Plan:

The ADAA concurs with the recommendation.

Effective February 11, 2011, the ADAA has strengthened its procedures to ensure sub-recipients are adequately monitored and appropriate corrective action is taken on identified deficiencies in a timely manner by:

- a) implementing graduated sanctions,
- b) creating an electronic database to track monitoring compliance daily by Quality Assurance staff,
- c) assigning two additional staff to perform the required program audit and monitoring functions.

For the sub-recipients noted above that did not submit required quarterly reports, the ADAA now requires the jurisdiction to perform the monitoring function of those providers with whom they contract. This requirement is now in the FY 2010 Condition of Grant Awards signed by the jurisdiction. Thereafter, the ADAA sent letters to the jurisdictions instructing them to perform and submit their required quarterly reports within five business days after the end of each quarter.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 6 (continued)

Auditee Response and Corrective Action Plan (continued):

As of March 2011, the new policy requires jurisdictions to submit a plan of correction as to why the sub-recipient monitoring was not done and what the jurisdiction will do in the future to ensure that the monitoring is done. If there are consecutive quarters where sub-recipient monitoring was not performed in the matter in which it was instructed, the Single State Authority Director shall contact the County Coordinator and take appropriate administrative action, if necessary.

In January 2010, the ADAA implemented an electronic database to track the monitoring requirements of jurisdictions and programs. Furthermore, ADAA has now assigned two additional staff to perform the required program audit and monitoring functions.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 7

Department of Human Resources (DHR)

**Foster Care – Title IV-E
CFDA No. 93.658**

**Adoption Assistance – Title IV-E
CFDA No. 93.659**

U.S. Department of Health and Human Services

Internal Control Deficiency Over Cash Management

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Condition:

During our testing of the foster care program, we noted five transactions out of a sample size of twenty four; and for the adoption program, we noted five transactions out of a sample size of eleven, without proper signature approval from management.

Cause:

DHR did not follow its established procedures of review and sign off to ensure that amounts drawn down were reviewed for accuracy prior to draw.

Effect:

No evidence of approval of the draw request evidencing proper review and approval of draw down prior to the draw down request.

Questioned Costs:

None

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 7 (continued)

Recommendation:

We suggest that DHR follow its existing policy of review and sign off on cash draws prior to the draw taking place to prevent Federal draw downs that are not supported by accounting records or not in accordance with the State Treasurer's agreement.

Auditee Response and Corrective Action Plan:

We concur with the finding and the Department will begin immediately to document all cash draw reviews. To date, all cash draws are reviewed, and reviews have been documented on a test basis. A Single Audit finding in 2003 prompted the Department to implement the practice of documenting the reviews on a test basis. The 2003 corrective action described in that year's Single Audit Report was not commented on by the US Department of Health and Human Services, and documenting reviews on a test basis has been our procedure since that time. In addition to initial draw reviews, management reviews funds drawn compared to actual expenditures quarterly, as that is when actual expenditure information is available and reports are due to the federal government for claiming and cash management purposes.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 8

Department of Human Resources (DHR)

**Foster Care – Title IV - E
CFDA No. 93.658**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency Over Eligibility

Criteria:

Per OMB Circular A-133, June 2010

Foster Care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in section 406(a) of the Social Security Act, as in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f), (42 USC 672(a)(1) and (2) and 45 CFR section 1356.21).

45 CFR section 1356.21(b)(2):

(c) *Reasonable efforts to finalize a permanency plan* – A judicial determination regarding reasonable efforts to finalize the permanency plan must be made within 12 months of the date on which the child is considered to have entered foster care and at least once every 12 months thereafter while the child is in foster care. The judicial determination must be explicitly documented and made on a case by case basis. If a judicial determination regarding reasonable efforts to finalize a permanency plan is not made within this timeframe, the child is ineligible at the end of the 12th month from the date the child was considered to have entered foster care or at the end of the month in which the subsequent judicial determination of reasonable efforts was due, and the child remains ineligible until such a judicial determination is made.

45 USC 672(a):

A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program.

Condition:

We selected a sample size of 60 transactions at several locations. During our testing of eligibility at the Baltimore City site, we noted three exceptions out of a sample size of 40. We noted one case where we were unable to determine if reasonable efforts were made to finalize a permanency plan and two cases where the child did not meet the eligibility requirements.

Cause:

DHR did not obtain or maintain the necessary documentation to support the eligibility determinations.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 8 (continued)

Effect:

Since documentation and verifications were not performed in accordance with program requirements and cases could not be located, DHR does not have adequate assurance that eligibility for the foster care program is being properly determined.

Questioned Costs:

None

Recommendation:

We recommend that DHR comply with established Federal and State regulations for determining eligibility to include obtaining and maintaining the required documentation and performing verifications to support eligibility decisions.

Auditee Response and Corrective Action Plan:

Upon receipt of these findings, DHR consulted the Auditor to confirm the four names and client identification numbers for the placements in question (Cases J, K, D and B). The responses below are on a case by case basis.

Case J

We disagree with the audit finding that the child did not meet the former AFDC requirements. It is correct that the income information clearances were not completed at the time the initial determination was made. However, the appropriate income information clearances were completed within the allowable 2-year window. This makes the child Title IV-E eligible and therefore the case is correctly determined and documented eligible for IV-E.

Case K

We concur with the audit finding that the income calculation was done incorrectly at the initial determination. We also agree that there was not a timely Permanency Review to obtain judicial determination of reasonable efforts to achieve permanency.

Case D

We concur with the audit finding that the child did not meet the former AFDC requirements for IV-E eligibility. This was a complex case because it was part of a sibling group of four and the worker did not consider the Social Security survivor benefits received by the sibling in determining the initial eligibility. The case was corrected.

Case B

We disagree with the audit finding that there was no legal custody. Legal custody for this case is not required as constructive removal applies since the child lived with the father within six months of entering care. The IV-E decision in MD CHESSIE was therefore correct.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 8 (continued)

Corrective Action:

Starting in May 2011, the Department will implement refresher training to focus eligibility workers and supervisors on the basic steps involved in documenting information that correctly supports Title IV-E decisions. The refresher training will also focus on the appropriate methods to track and document judicial findings of reasonable efforts to achieve permanency. Another component of the training will focus on the appropriate method in completing the income calculation worksheet. The refresher training will be repeated every six months.

Auditor's Conclusion:

Based on the above, the findings will remain as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 9

Department of Human Resources (DHR)

**Temporary Assistance for Needy Families (TANF)
CFDA No. 93.558, 93.714**

U.S. Department of Health and Human Services

Compliance Deficiency Over Activities Allowed and Allowable Costs

Criteria:

Per TANF-ACF-PI-97-12:

Once the Administration for Children and Families (ACF) review of the amendment is completed and there are no issues requiring further clarification, the ACF Regional Administrator will send the State agency a letter indicating that the amendment has been received, reviewed, and incorporated into the State's "complete" TANF plan.

Condition:

During our audit, we reviewed the TANF grant award and the TANF plan. We noted there was no evidence that the amended State Plan for TANF, revised September 30, 2009, was approved and incorporated into the "completed" TANF plan by the U.S. Department of Health and Human Services. Included in the amended TANF plan from DHR was activity for a scholarship program through the Maryland Higher Education Commission (MHEC). Included in the activity under the amended State Plan is the following for MHEC. "Maryland Higher Education Commission scholarship programs are eligible for TANF funding because post-secondary educational attainment by State residents decreases the incidence of out-of-wedlock births by raising the "opportunity cost" of having children outside of marriage. Studies also show that professional careers (often the product of higher education) delay fertility. These programs provide non-assistance."

Expenditures for the scholarship program for fiscal year 2010 amounted to \$43.7 million. The expenditures for the scholarship program could not be verified as allowable under the TANF program, per OMB Circular A-133 as of June 30, 2010.

Cause:

DHR has not obtained formal approval from the Federal government authorizing the use of TANF funds on the MHEC scholarship program.

Effect:

TANF funds used for activities and costs under the MHEC scholarship program may not be approved by the Federal government.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 9 (continued)

Questioned Costs:

Unknown

Recommendation:

We recommend DHR obtain formal approval from the Federal government of the amended State Plan dated September 30, 2009, to support the allowability of the use of TANF funds on the MHEC scholarship program.

Auditee Response and Corrective Action Plan:

On March 10, 2011, the Department sent in its response to Federal questions regarding the State Plan amendment on the use of TANF funds on the MHEC scholarship program. The Department is awaiting the Office of Family Assistance's determination on this matter.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 10

Department of Human Resources (DHR)

**Emergency Food Assistance Program Cluster
CFDA No. 10.568, 10.569**

U.S. Department of Agriculture

Compliance and Significant Deficiency Over Accountability for Commodities

Criteria:

Per 7 CFR sections 250.16(a)(6) and 250.15(c):

Accurate and complete records shall be maintained with respect to the receipt, distribution/use, and inventory of donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods, and the agency, processor, or entity is liable for the value of the food or replacement of the food in kind.

Per 7 CFR section 250.14(e):

Distributing and recipient agencies shall take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility's inventory records and maintained on file by the agency which contracted with or maintained the storage facility. Corrective action shall be taken immediately on all deficiencies and inventory discrepancies and the results of the corrective action forwarded to the distributing agency.

Condition:

During our audit, we noted that DHR does not have a consistent system of taking periodic inventory counts. We were unable to test the accountability of commodities due to the required physical inventory records were not maintained by DHR.

Cause:

DHR did not have needed staff to perform functions related to the accountability of commodities.

Effect:

The lack of tracking and maintaining records of the physical inventory allows the potential for abuse, including fraud and other defalcation, to exist and not be detected.

Questioned Costs:

Unknown

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 10 (continued)

Recommendation:

We recommend that physical counts of inventory should be performed at least annually. The results should be reviewed and reconciled to the accounting system. The perpetual inventory listing should be reconciled to the general ledger, with any large discrepancies investigated and explained. Any adjustments, along with the cost of goods sold entries, should be made and a procedure should be implemented to allow for these adjustments to occur on an annual basis.

Auditee Response and Corrective Action Plan:

DHR concurs with the recommendation. The Office of Grants Management is developing an automated and improved inventory system to replace the current outdated Excel spreadsheets. This system will reconcile the inventory to the general ledger. Reports will be reviewed monthly and any large discrepancies investigated and explained. Adjustments, along with the cost of goods, will be made and procedures implemented to allow for these adjustments to occur on an annual basis.

The Office of Grants Management will conduct physical inventories to correspond with both the State and the federal fiscal year. The inventories will occur on August 15th for the prior State fiscal year and November 15th for the prior federal fiscal year. Inventories will be conducted at all warehouses that contained Emergency Food Assistance Program (TEFAP) food at the end of the appropriate fiscal year.

Auditor's Conclusion:

Based on the above, the finding will remain as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 11

Maryland Department of Transportation (MDOT)

**Passenger Facility Charges
CFDA No. Unknown**

Federal Aviation Administration

Compliance Deficiency Over Reporting

Criteria:

Per 14 CFR Section 158.63(a):

The public agency shall provide quarterly reports to carriers collecting Passenger Facility Charge (PFC) revenues for the public agency, with a copy to the appropriate Federal Aviation Administration (FAA) Airports office. The PFC quarterly report must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects, including the quarter; the PFC level for each project; and the current project schedule.

Per Section 158.63(b)

The report shall be provided on or before the last day of the calendar month following the calendar quarter or other period agreed by the public agency and collecting carrier.

Condition:

During our testing, we noted as of June 30, 2010, \$2.3 million of construction management and inspection services (CMI) expenditures were mistakenly coded to the PFC 05-11 Design project, when they should have been coded to the PFC 05-14 Construction project. As a result, the expenditures reported by MAA on the June 30, 2010, quarterly report for applications 06-05-C-02 and 07-06-U-00 were inaccurate. Expenditures for application 06-05-C-02 were overstated by \$2.3 million and the expenditures for application 07-06-U-00 were understated by the same amount.

Cause:

The error in coding of expenditures to the general ledger resulted in inaccurate information being reported in the quarterly report.

Effect:

MDOT is not in compliance with reporting in accordance with the Passenger Facility Charges reporting requirements.

Questioned Costs:

None

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 11 (continued)

Recommendation:

We recommend MAA review controls over expenditure coding to ensure the proper coding of project expenditures and perform adequate review of reports to identify any discrepancies. It is important that accurate reports be produced to ensure that the goals and purposes of the grant have been achieved and accounted for properly.

Auditee Response and Corrective Action Plan:

MAA acknowledges that the expenditure data was reported to the wrong project. This error has been subsequently corrected by MAA. MAA has instituted proper quality control measures to ensure accounts are coded properly.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 – 12

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038- Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

U.S. Department of Education

Compliance and Internal Control Deficiency Over Special Reporting

Criteria:

All recipients of student financial aid funds are required to submit ED Form 646-1, *Fiscal Operations Report and Application to Participate (FISAP)*. The University uses the *Fiscal Operations Report* to report its expenditures in the previous award year and the *Application to Participate* to apply to participate in the succeeding year. The Department of Education requires recipients to retain accurate and verifiable records for program review and audit purposes.

Condition:

The University was unable to provide support from the general ledger to match the Federal funds available and spent for college work study on the submitted FISAP.

Cause:

The University did not have adequate controls in place to update information within a timely manner.

Effect:

The University may not receive all the funds to which they are entitled, or they may be required to return funds they were not entitled to receive.

Questioned Costs:

Unknown

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 – 12 (continued)

Recommendation:

We recommend that the University review the FISAP prior to submission, retain supporting records, and attach general ledger support to submitted FISAP.

Auditee Response and Corrective Action Plan:

The University agrees. After discussion with the auditors, the University has identified the issues to be corrected and an amended FISAP will be filed by March 15, 2011. In the future, the Assistant Vice President for Finance and Management (AVPFM) will review the FISAP prior to forwarding to the U.S Department of Education. Additionally, the financial aid and human resources departments under the supervision of the AVPFM will strengthen the record keeping of payroll, thus reducing the likelihood of this situation recurring. This will be completed by April 30, 2011.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 13

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

U.S. Department of Education

Compliance and Internal Control Deficiency on Return of Title IV Funds

Criteria:

Per 34 CFR Section 668.22:

In part, that an institution is required to have a fair and equitable refund policy. Per 34 CFR Section 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date or the date the school discovers that the student has unofficially withdrawn. The unearned portion of Title IV funds must be returned to the Department of Education within 30 calendar days of the date the student officially withdraws. Any unearned funds must be returned to the Title IV program and no additional disbursements may be made to the student for the payment period. If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c) (1) (i) or (c) (1) (ii) of this section, the mid-point of the payment period (or period of enrollment), is applicable.

Condition:

During our testing of Return of Title IV funds, we reviewed the refund calculations for 14 students. For two of the students selected, the calculation of the unearned amount of Title IV assistance was not in accordance with Federal regulations. In one instance, \$6,828 of Federal funds should have been refunded to the Department of Education. In the second instance, \$3,841 of Pell and Unsubsidized Stafford loan amounts should have been refunded to the Department of Education. The University returned the incorrect amount for the Pell grant and did not return any of the unsubsidized loan funds, which was not in accordance with the Federal regulations on the order of return of title IV funds.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 13 (continued)

Cause:

The University did not calculate the return of funds in accordance with the Federal guidelines and inadequate review of the refund calculation was performed.

Effect:

This resulted in the incorrect amount being returned to the Department of Education.

Questioned Costs:

\$10,669

Recommendation:

We recommend that the University strengthen its internal controls over the calculation of Title IV funds. These controls should consist of proper documentation, supervision, and calculation of the returns within the required time frames. The review should also ensure the refunds are made in the proper order of return of Title IV funds.

Auditee Response and Corrective Action Plan:

The University agrees. The University has identified the issues that caused the delay and calculation of returned funds. Effective immediately, the financial Aid department will collaborate with the University's Information Technology, Registrar and Bursar departments to develop an automated monthly report that will promptly identify the students for which a return of Title IV assistance is required as well as calculate the correct unearned amount of Title IV assistance to be returned. This report will also provide the required information to ensure that funds are returned timely. This will be completed by April 30, 2011.

Auditor's Conclusion

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 – 14

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

U.S. Department of Education

Compliance and Internal Control Deficiency Over Student Status Changes

Criteria:

Per OMB Circular A-133:

Schools must complete and return the Student Status Confirmation Report (SSCR) at least twice a year. The school must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method to the National Student Loan Data System (NSLDS) web site.

Condition:

During our testing, we noted six of thirty-four students selected were incorrectly classified and reported in the NSLDS database. Each of the six students graduated from the University, but three were incorrectly reported as attending full time and three were incorrectly reported as withdrawn.

Cause:

The University did not have proper controls in place to review and update enrollment status changes for students receiving student financial aid.

Effect:

The Department of Education could continue to process information for student's no longer in attendance.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 – 14 (continued)

Questioned Costs:

None

Recommendation:

We recommend that the University establish procedures to ensure that enrollment status changes are updated and reviewed in a timely manner prior to submission in the NSLDS database.

Auditee Response and Corrective Action Plan:

The University agrees. The University determined that the best way to address this problem is to utilize the National Student Clearinghouse, which it began to do during fiscal year 2011. The University is confident that this system will mitigate the risk of such errors recurring in the future. Moreover, the University is double checking the parameters for the required data to ensure that data extracted from our student information system and transmitted is consistent with the needs of the Clearinghouse.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 15

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

**CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart)
Grants**

CFDA No. 84.032-Federal Family Educational Loans (FFEL)

**CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants
(TEACH Grants)**

**CFDA No. 93.342-Health Professions Student Loans, Including Primary Care Loans/Loans
for Disadvantaged Students**

CFDA 93.364-Nursing Student Loans

U.S. Department of Education

Compliance and Internal Control Deficiency on Return of Title IV Funds

Condition:

During our testing of Return of Title IV funds, we reviewed the refund calculations for 40 students. For two of the students selected, the calculation of the unearned amount of Title IV assistance was not in accordance with Federal regulations.

Criteria:

Per 34 CFR Section 668.22 states, in part, that an institution is required to have a fair and equitable refund policy. Per 34 CFR Section 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date or the date the school discovers that the student has unofficially withdrawn. The unearned portion of Title IV funds must be returned to the Department of Education within 30 calendar days of the date the student officially withdraws. Any unearned funds must be returned to the Title IV program and no additional disbursements may be made to the student for the payment period.

Cause:

University of Maryland Eastern Shore erroneously transposed the semester dates used to calculate the unearned amount of Title IV funds and that error was not detected due to inadequate review.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 15 (continued)

Effect:

This error resulted in the incorrect amount being returned to the Department of Education.

Questioned Costs:

Questions costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal controls over the calculation of Title IV funds. These controls should consist of proper documentation, supervision, and calculation of the returns within the required time frames.

Auditee Response and Corrective Action Plan:

We agree with this finding. The discrepancy in the date was a typographical error in the transposition of the numbers (i.e. – 5/12/10 vs. 5/21/10). UMES recalculated the return of title IV funds using the correct date which resulted in an additional return of \$7 in Federal PELL grant for one student and \$41 in unsubsidized federal direct loan for the other. All funds have been returned to the U.S. Department of Education.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 16

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.032-Federal Family Educational Loans (FFEL)

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

CFDA No. 93.342-Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students

CFDA 93.364-Nursing Student Loans

U.S. Department of Education

Compliance and Internal Control Deficiency Over Verification

Condition:

During our testing of Verification, we reviewed third party documentation obtained by the University to collaborate information submitted to the Department of Education (DE). For one out of 15 of the students selected for verification, the supporting documentation did not collaborate information that was submitted to the DE to calculate the student's expected family contribution (EFC). Amount awarded to this student was \$3,400 for the term in question.

Criteria:

Per 34 CFR section 668.55 states, in part, that the institution shall require applicants to verify any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate. Generally, the information that must be updated is the number of family members, number of family members attending postsecondary educational institutions, and the applicant's dependency status.

Cause:

University of Maryland Eastern Shore did not perform a review sufficient to identify discrepancies between the third party support and information submitted to DE.

Effect:

This error resulted in a student receiving inaccurate amount of aid.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 16 (continued)

Questioned Costs:

Questions costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal controls over the verification process. These controls should consist of proper documentation, supervision, and review of third party support.

Auditee Response and Corrective Action Plan:

We agree with this finding. The file in question was not properly verified by the financial aid counselor. Upon identification by the auditor, the Director of Financial Aid processed the appropriate verification and reversed ineligible funds.

Corrective Action - Supervisory personnel independent of financial aid will make the random selections from a list of financial aid recipients provided by Administrative Computing. Office of Student Financial Aid (OSFA) personnel without award update capability will conduct the audit of the awards, and the audit will be verified by the Vice President for Administrative Affairs and/or designee. These procedures will be effective for the mid-term audit to be conducted Fall 2011.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2010

Finding 2010 - 17

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.032-Federal Family Educational Loans (FFEL)

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

CFDA No. 93.342-Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students

CFDA 93.364-Nursing Student Loans

U.S. Department of Education

Compliance Deficiency Over Student Status Changes

Condition:

During our testing of student status changes, we reviewed the data that was submitted to the National Student Loan Data System (NSLDS) for student status changes. For two students who had changes after the initial roster submission, status information was manually updated in error by the National Student Clearinghouse (NSC), a third party servicer. We also noted students whose status per the NSLDS database was not supported by the records of the institution.

Criteria:

Per 34 CFR Section 682.610 for FFEL and 34 CFR Section 685.309 for Direct Loans, the Student Status Confirmation Report (SSCR) should be transmitted electronically to NSLDS. Under the FFEL and Direct Loan programs, schools must complete and return within 30 days of receipt, the SSCR sent by Department of Education (DE) or a guaranty agency. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 17 (continued)

Cause:

Manual adjustments to the SCCR were not processed in a timely manner. Information submitted by the institution to NSC was not properly submitted to the NSLDS.

Effect:

This error resulted in student's status being inaccurately reported to the NSLDS.

Questioned Costs:

Questions costs are undeterminable.

Recommendation:

We recommend the University to review the process and controls surrounding the reporting of student status changes to the NSLDS.

Auditee Response and Corrective Action Plan:

We agree with this finding. Students whose degree records were updated manually to the National Student Clearinghouse (NSC), a third-party servicer, did not have their enrollment history updated which affected inaccurate reporting to NSLDS. The enrollment history for these students was not updated in a timely manner because the University of Maryland Eastern Shore (UMES) was unaware that NSC had changed their procedure for handling manual updates. Since then, the NSC's process for manual updates prompts the user immediately after a student's degree record is entered manually to update the student's enrollment history. UMES has corrected the records of the students tested that were not updated and is working with the National Clearinghouse to ensure the enrollment history is accurate for all students who were manually updated during this period.

Since being made aware of the new process required for manual degree updates via NSC, UMES has been updating the enrollment history of graduated students immediately after manually updating degree information. In addition, a printout of the degree information submitted for each student is printed after entering, as is the enrollment history update. After a minimum of 48 hours, UMES will review NCS data for the accuracy of each manual degree update.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 18

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038-Federal Perkins Loans (FPL)

CFDA No. 84.007-Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.375-Academic Competitiveness Grants (ACG)

CFDA No. 84.376-National Science and Mathematics Access to Retain Talent (Smart) Grants

CFDA No. 84.032-Federal Family Educational Loans (FFEL)

CFDA No. 84.379-Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

CFDA No. 93.342-Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students

CFDA 93.364-Nursing Student Loans

U.S. Department of Education

Compliance and Internal Control Deficiency Over Student Loan Repayment

Condition:

During our testing of student loan repayment, we reviewed whether the institution performed an exit interview with borrowers before the individual leaves the institution. There was one instance out of 3 where there was no evidence that the exit interview was conducted.

Criteria:

Per 34 CFR Section 674.42, institutions must exercise due care and diligence in the collection of loans. The institution must disclose information related to the debtor, balances owed and interest rate in a written statement provided to the borrower either shortly before the borrower ceases at least half-time study at the institution or during the exit interview.

Cause:

The University did not retain sufficient records supporting the occurrence of the exit interview.

Effect:

Students may leave the University without knowledge related to the repayment terms of their applicable debt and loan repayments may not be timely as the repayment plan was not established before the borrower leaves the institution.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2010**

Finding 2010 - 18 (continued)

Questioned Costs:

None.

Recommendation:

We recommend that the University strengthen its internal control procedures over the exit interview process. These controls should consist of proper documentation and supervision within the required time frames.

Auditee Response and Corrective Action Plan:

We agree with this finding. The Perkins loan exit counseling log indicates that the student attended an exit counseling session and completed an exit package, but the paperwork was missing from the file. The Financial Aid Accounting staff was unable to locate the paperwork after conducting an intensive search. In response to this finding, additional steps will be implemented to avoid this situation from happening again. A copy of the exit counseling package will be made and filed in the borrower's file prior to the exit counseling session being held. The exit counseling package will be included on the individual student folder checklist, and it will be reviewed and signed off by the Financial Aid Accountant. Once the exit counseling session/exit package is completed by the borrower, it will be filed immediately and the Financial Aid Accountant will review the file for completion.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-1**

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program (Medicaid Cluster)
CFDA No. 93.775, 93.776, 93.777, 93.778**

US Department of Health and Human Services

**Compliance deficiency over the allowable cost/cost principles – Third Party Liability
(Insurance Recoveries)**

Condition:

During the audit we noted a case file was missing for testing of insurance recoveries. The case file would have included a screen shot of the recipient's eligibility status, copy of absent parent screen and any other supporting documentation and actions taken to verify if the participant had insurance coverage during the time of Medicaid service.

Criteria:

OMB A-133 states that "States must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought.

Cause:

A case file was not prepared for the Medicaid recipient by the Insurance Recoveries department within DHMH.

Effect:

Although the participant's name was identified on the exception report (2583 Interface Summary), there was no indication that the department gathered documentation or verified a third party liability insurer could be responsible for a portion of the medical costs received during a specific time period. This could potentially cause DHMH to understate or overstate recoveries which impact the expenditures identified on the CMS 64 (Centers for Medicare & Medicaid Services).

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH comply with established Federal and State regulations for determining third party liability insurers, including obtaining and maintaining the required documentation and performing verifications to support any required reimbursement decisions.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009- 1 (continued)

Auditee Response and Corrective Action Plan:

The Department concurs with the recommendation. The Medical Assistance (MA) recipient's name appeared on the summary report; however, the actual referral could not be found. The normal process is to photocopy the summary page and use it as the referral. Thirty days from the receipt stamp date on all CARES reports, the Coordination of Benefits (COB) Coordinator checks 10% of the MA case numbers listed on the reports to verify that the validation process has begun. If the validation process has not begun within sixty days, the COB Coordinator refers the report to the supervisor for follow-up.

Additionally, the sampling method, which has been used for the last year or so, where the COB Coordinator checks 10% of the MA case numbers listed on the reports to verify that the validation process has begun is insufficient. As a result, The Department is considering increasing the sampling percentage to reduce the possibility of missing files and review this process periodically to determine the effectiveness of the results.

Auditee's Updated Response (October 2010 Update):

The Division of Recoveries and Financial Services is continuing enhanced sampling and surveillance to ensure compliance with established Federal and State regulations for determining third party liability insurers, including obtaining and maintaining the required documentation and performing verifications to support any required reimbursement decisions.

Auditor's Comment:

There were no issues noted during the 2010 single audit.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-2

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program Medicaid Cluster CFDA No. 93.775, 93.776, 93.777, 93.778

US Department of Health and Human Services

Compliance and internal control deficiency over the eligibility determination process.

Condition:

On July 1, 1985 the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH.

We selected a total of 65 Medical Assistance claim files to review for eligibility determination. These 65 files were comprised of 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Caroline County, Queen Anne's County, Montgomery County, and Frederick County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients. All claims were processed during the fiscal year ended June 30, 2009. We noted the following exceptions:

Baltimore City

For Baltimore City we found 8 non compliance issues, they are as follows:

There are 2 files that were not recovered for review and testing (1 newly/1existing). We noted for 3 files a review of the Agency's decision was not made in the allotted 45 days (2 newly/1 existing). One newly eligible file did not have a signed application nor did it have citizenship status documented. Two of the newly eligible files did not have a noted decision made in file. We also noted one of the newly eligible files had no narration of the case during the time of the period of coverage.

Frederick County

Internal control deficiency in that one of the eight newly eligible files could not be located.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-2 (continued)

Caroline County

For one of the files a review of the Agency's decision was not made in the allotted 45 days and there was no notice of approval for spend-down category.

Queen Anne's County

For one of the files a review of the Agency's decision was not made in the allotted 45 days.

Montgomery County

For one of the files a review of the Agency's decision was not made in the allotted 45 days.

Criteria:

42 CFR 435.907 (a) states, "The agency must require a written application from the applicant, an authorized representative, or if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant."

42 CFR 435.948 (a) states, "Except as provided in paragraphs (d), (e), and (f) of this section, the agency must request information from the sources specified in this paragraph for verifying Medicaid eligibility and the correct amount of medical assistance payments for each applicant (unless obviously ineligible on the face of his or her application) and recipient. The agency must request, among other things:

- (1) State wage information maintained by the State Wage Information Collection Agency (SWICA) during the application period and at least on a quarterly basis.
- (2) Any additional income, resource, or eligibility information relevant to determinations concerning eligibility or correct amount of medical assistance payments available from agencies in the State or other States administering the following programs as provided in the agency's State plan:
 - i. Aid to Families with Dependent Children (AFDC);
 - ii. Medicaid;
 - iii. State-administered supplementary payment programs under Section 1616(a) of the Act;

Recommendation:

We recommend that DHR and the LHD's comply with established Federal regulations for determining eligibility to include obtaining the required documentation and performing verifications to support eligibility decisions.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-2 (continued)

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD) and Local Departments of Social Services (LDSS) comply with requirements of federal law relating to determinations of eligibility, including obtaining required documentation and performing verifications to support eligibility decisions.

DHMH will work with DHR on issues with maintaining documentation and transferring case records between local departments, including follow-up with each cited local department, sending out system broadcast messages and an information memorandum highlighting the issues to all eligibility workers, and adding appropriate items to the agenda for regularly scheduled Regional Training sessions.

Auditee's Updated Response (October 2010 Update):

DHMH followed up with each cited local department about their respective findings in November 2009. We have also worked with the Maryland Department of Human Resources (DHR) and the local departments to ensure that managers and supervisors of Case Managers have access to DataWatch. In November 2009 and March 2010, we held regional "refresher" training sessions highlighting the documentation, verification and other requirements that appeared in Findings 2009-2 and 2009-3. In September 2010, DHMH and DHR jointly issued to all eligibility workers an information memorandum (IM11-05) which provided "tips" on avoiding errors from prior audit findings (and similar/related errors). We have continued to highlight the avoidance of the errors in this finding in regional refresher training, including sessions in September and October, 2010.

Auditor's Comment:

See finding 2010-1

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-3**

Department of Health and Mental Hygiene (DHMH)

**State Children's Insurance Program (SCHIP)
CFDA No. 93.767**

US Department of Health and Human Services

Compliance deficiency over the eligibility determination process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program (SCHIP) on a uniform basis throughout the State for persons who are apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Caroline County, Queen Anne's County and Montgomery County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2009. We noted the following exceptions:

Baltimore City

There were two files that were not available for review (newly and existing). They did not comply with the requirement to verify and maintain proof of citizenship and social security number in one of the eight new files tested. There was no redetermination letter sent out for one of the existing files and proof of citizenship was not acquired.

Caroline County

There was no redetermination letter sent out for one of the existing files tested.

Queen Anne's County

There was no redetermination letter sent out for one of the new files tested.

Condition:

Montgomery County

They did not comply with the requirement to verify and maintain proof of citizenship and social security number in one of the eight new files tested. There was no redetermination letter sent out for one of the existing files tested.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-3 (continued)

Criteria:

OMB A-133 states that “States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children.” Under the State plan, only targeted low-income children who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage (including access to a state health benefits plan) are furnished child health assistance under the state child health plan.

The following are standards for eligibility determinations per OMB A-133 and Maryland’s State Plan:

8. Children under age 19
9. Countable income is at or below 200% of the federal poverty level (FPL)
10. Pregnant women of any age whose countable income is at or below 250% FPL
11. Current resident of the State of Maryland
12. Applicants are required to provide a Social Security Number or apply for a Social Security Number
13. A U.S. Citizen
14. Qualified aliens, as defined at 8 USC 1641, who entered the US on or after August 22, 1996, are not eligible for SCHIP for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8USC 1613.
8. Eligibility must be redetermined at least every 12 months.

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD) comply with requirements of federal and state law for determining eligibility, including obtaining and maintaining required documents and performing verifications to support eligibility decisions.

DHMH will follow up with each cited LHD, address the issues at quarterly meetings with MCHP Supervisors from LHDs, transmit system broadcast messages to all eligibility workers, and add appropriate items to the agendas for regular Regional Training and onsite training targeted to LHDs.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-3 (continued)

Auditee's Updated Response (October 2010 Update):

DHMH followed up with each cited LHD in November 2009. We addressed the errors cited at DHMH's Maryland Children's Health Program (MCHP) Quarterly meetings, attended by supervisors of the eligibility staff. We added the errors to our agendas for Regional Training (targeted to all eligibility workers, Local Department of Social Services and LHD) in November 2009 and March 2010. We also performed onsite training sessions to work more closely with LHD Case Managers. Additionally, we have improved and formalized our process for following up on troubling compliance reports, including requesting LHD supervisors to submit corrective action plans, and monitoring the effects of these corrective actions. In September 2010, the LHD workers received an information memorandum highlighting the types of errors reported, issued jointly with Maryland Department of Human Resources as IM 11-05. We have continued emphasizing these issues in Regional Training in September and October 2010.

Auditor's Comment:

See finding 2010-1

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-4**

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program (Medicaid Cluster)
CFDA No. 93.775, 93.776, 93.777, 93.778**

U.S. Department of Health and Human Services

Internal Control deficiency over Surveillance and Utilization Review Subsystems (SURS)

Condition:

According to the SURS Case Completion Guidelines, cases should be reviewed, resolved, and closed within a 90-day time period. There are only three circumstances that would allow for an exception. And these circumstances must be documented on the SURS case log. They are:

1. Awaiting documentation
2. Records sent to another Agency for review
3. Awaiting full recoveries of monies

Also, the case files should be updated to reflect the current status of the case. Upon completion of the case review, the SURS case log should be signed by the Program Director and the SURS Manager. The SURS unit failed to update 15 out of 25 case records if cases were not closed within the 90-day time frame allowed and 17 out of 25 were not signed by the Program Manager and/or SURS Manager.

Criteria:

OMB Circular A-133, Part 4- Department of Health and Human Services-Compliance Supplement, Section N. (1) indicates, "The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long term care institutions. According to 42CFR parts 455, 456, 1002, "The state must have (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials.

In order to evaluate the appropriateness and quality of Medicaid services, the agency must:

- Establish and use written criteria for evaluating the appropriateness and quality of Medicaid services
- Have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid Services

As an internal control process implemented in the SURS unit, a supervisor reviews all of the above as prepared by the case worker. The review is signed off by the supervisors.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009- 4 (continued)

Cause:

The SURS Unit could not show evidence of case updates, reviews, or supervisory signatures within the 90-day timeframe. This time frame was established in the guidelines developed by the SURS unit per the state plan requirements.

Effect:

DHMH cannot provide CMS assurance that the SURS program is effective in reducing erroneous expenditures.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH follow the criteria outlined in 42CFR parts 455, 456, and 1002 by updating the selected active case files with proper comments and providing the supervisory review to make sure the determinations were appropriate.

Auditee Response and Corrective Action Plan:

The Department concurs that there were cases out of compliance according to the Guidelines for SURS Case Completion. However, the Guidelines for SURS Case Completion Procedures have been in place since the inception of SURS and are currently under revision by the OIG. The guidelines are not currently being used because they were established under the Health

Care Financing Administration's (HCFA) System Performance Review (SPR). SPR required the unit open and resolve large numbers of cases on a quarterly basis. Therefore, the original case guidelines were developed with that goal in mind. Congress repealed the SPR requirements in 1997 with Section 4753 of the Balanced Budget Act (BBA) of 1997. This was done to allow States greater flexibility to concentrate on developing and working more substantive cases.

Upon its relocation to the OIG, the Program Integrity Unit began drafting a comprehensive policy and procedure manual. The procedure manual has not yet been formally approved. The staff person tasked with completing the manual left the Department and was not replaced. More importantly, with the passage of the Deficit Reduction Act of 2005 and the creation of the Medicaid Integrity Group at the federal level, program integrity has been fluid and dynamic. Certain program integrity concepts were developing and changing at the federal level as the OIG's manual was being drafted. The OIG is currently awaiting the results of a review conducted by CMS' Medicaid Integrity Group of our PIU. Pending those results, OIG management will take corrective action to ensure that the manual is completed and approved by the close of the fiscal year. And that particular cases cited are brought into compliance with the revised SURS case guidelines.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009- 4 (continued)

Auditee's Updated Response (October 2010 Update):

The Maryland Department of Health and Mental Hygiene's Office of Inspector General (OIG) has received draft results of the review conducted by the Center for Medicare and Medicaid Services' (CMS') Medicaid Integrity Group. Understanding the repeal of System Performance Review (SPR), that group did not cite the Program Integrity Unit's (PIU's) failure to meet the 90-day rule as a finding. The OIG-PIU is still working on a procedure manual, however, the unit has completed an algorithm tracking database that has moved from a design phase to a testing phase after some unexpected software delay issues. The OIG now has the ability to record and store new and existing algorithms in a way that allows for identification of those staff persons directly responsible for producing the corresponding SURS data run. This is the first step in developing a comprehensive policy/procedure manual. Current testing is now occurring to ensure future production responsibility can be projected and assigned as appropriate. We anticipate having the manual completed by March 2011.

Auditor's Comment:

We agree correction action plan is still in process.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-5**

Department of Health and Mental Hygiene (DHMH)

**Substance Abuse Prevention and Treatment Block Grant
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance and Internal Control deficiency over SubRecipient Monitoring

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). The division director for ADAA indicated that compliance reviews of the sub-recipients are conducted bi-annually. Upon completion of these reviews, if necessary, a corrective action plan must be sent from the Local Health department (LHD) or private vendor (“sub-recipient”). The corrective action plan should be approved or disapproved by ADAA and sent back to them. We reviewed twenty-five (25) files that contain documents related to the award of Federal funds to sub-recipients to obtain reasonable assurance that site visits to evaluate the program were conducted in accordance with the General Requirements of OMB A-133 and the conditions of the grant award imposed by ADAA. We noted that of the twenty-five files reviewed there were two (2) files that required corrective action plans but ADAA failed to obtain a corrective action plan from any of the sub-recipients. Although there were no corrective action plans, we did note that there were follow-ups identified.

Criteria:

OMB Circular A-133, General Requirements, Part 3, subpart M, states in pertinent part that during the award a pass-through entity is responsible for “monitoring the sub-recipient’s use of Federal awards through...site visits, regular contact...or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” In addition, when there are findings as a result of the compliance review, ADAA’s letter requires the sub-recipient to “make the necessary corrections in your program’s procedures and submit a copy of your plan of correction...within thirty (30) days of the date of this letter.”

Cause:

DHMH failed to perform site visits in accordance with OMB A-133 and the internal control procedures in place, and failed to document other means of evaluating the program services performed by sub-recipients.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009- 5 (continued)

Effect:

Awards were made to sub-recipients without proper follow-up through site visits to ensure that the sub-recipients were complying with applicable laws, regulations and grant requirements.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH adhere to the provisions of OMB Circular A-133, with site visits and follow-up on its findings as called for in OMB Circular A-133 and in its agreement with LHD and private vendors.

Auditee Updated Response and Corrective Action Plan:

With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditee's Updated Response (October 2010 Update):

The Department's previous response and corrective action plan remains unchanged. With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditor's Comment:

See finding 2010-6

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-6**

Department of Health and Mental Hygiene (DHMH)

**Substance Abuse Treatment and Prevention Block Grant
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance related to Independent Peer Review.

Condition:

The Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH), hires private contractors to perform its peer review functions. The selection of a particular contractor is made from an established list of approved vendors. However, once a selection of a contractor is made, there is no documentation of the independence of that contractor with respect to the sub-recipient that he or she is asked to review.

Criteria:

OMB Circular A-133 Part IV, paragraph III, subparagraph N of the specific requirements for the Substance Abuse Prevention and Treatment Block Grant program provides in pertinent part “the State must provide independent peer reviews which assess the quality, appropriateness, and efficacy of treatment services provided to individuals.” The requirements further provide “the State shall ensure that the peer reviewers are independent by ensuring that the peer review does not involve reviewers reviewing their own programs and the peer review is not conducted as part of the licensing or certification process.”

Cause:

DHMH failed to document the independence of its peer reviewers in accordance with the compliance requirement specified in OMB Circular A-133 Part IV.

Effect:

Awards are made to sub-recipients whose programs are reviewed by contractors that may not be independent of those sub-recipients. This could lead to noncompliance with laws and regulations.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH develop a mechanism, such as an affidavit or independence letter requirement, for contractors to establish their independence with respect to the sub-recipient they are asked to review in order to adhere to the provisions of OMB Circular A-133.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-6 (continued)

Auditee Response and Corrective Action Plan:

The ADAA developed an affidavit as required by the audit performed for Fiscal Year ending June 30, 2008. This affidavit was reviewed by the Maryland State Attorney General's office and approved for use by the ADAA. The ADAA changed its policy whereby all independent peer reviewers would sign the affidavit prior to performing a peer review. A copy of the affidavit was given to the auditor.

No peer reviews have been conducted by the ADAA since that audit recommendation was made. For FY 2010, peer reviews are scheduled to occur in the fourth quarter of this fiscal year, and all peer reviewers will sign the approved affidavit prior to conducting the review.

Auditee's Updated Response (October 2010 Update):

The ADAA developed an affidavit as required by the audit performed for Fiscal Year ending June 30, 2008. This affidavit was used for Fiscal Year 2011, independent peer reviewers. The first affidavit was signed June 24, 2010, for the July 8, 2010, peer review.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-7

St. Mary's College of Maryland

Student Financial Assistance Cluster

CFDA No. 84.007	Federal Supplemental Education Opportunity Grant
CFDA No. 84.063	Federal Pell Grant Program
CFDA No. 84.033	Federal Work Study Program
CFDA No. 84.038	Federal Perkins Loan Program
CFDA No. 84.375	Academic Competitiveness Grant

U.S Department of Education (USDE)

Internal Control and Non-Compliance with Federal requirements over the return of Title IV funds.

Condition:

During testing of return of Title IV funds, we noted 2 occurrences where the College did not return Title IV funds within the timeframe established by guidelines in the OMB Circular A-133, some being returned up to a year later than required.

Criteria:

When a recipient of Title IV Grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of the Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34CFR Sections 668.22(a) (1)-(3)). Post-Withdrawal disbursements must be made from available grant funds before available loan funds. If the institution wishes to credit the student's account with a post-withdrawal disbursement of loan funds or wishes to pay a post-withdrawal disbursement of either loan or grant funds directly to the student, or parent in the case of a parent PLUS loan, the institution must, within 30 days of the date the institution determines that the student withdrew, send a written notification to the student.

Cause:

The College lacked effective monitoring over compliance to ensure that the return of Title IV funds are being disbursed properly and on a timely basis.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-7 (continued)

Effect:

Without proper monitoring of controls over the return of Title IV funds, the College failed to return Federal funds in the required timeframe. The possibility then exists that interest would be accrued by the Federal Government.

Questioned Costs:

Unknown

Recommendation:

We recommend that the College comply with the return of the Title IV funds process. Additional supervisory and/or management level review and approval may help to ensure that funds are returned in a timely manner.

Auditee Updated Response and Corrective Action Plan:

The College agrees to comply with the return of Title IV funds process. The Financial Aid Office and the Business Office receive daily electronic notifications from the Office of Academic Services when students withdraw. Refund calculations are performed using Return of Title IV Funds on the Web. This software calculates and manages the return of Title IV Funds in compliance with the Department of Education's Student Assistance General Provisions. On a monthly basis the Director of Financial Aid accesses a report from the Office of the Registrar to review all students who have withdrawn, determines if these students were recipients of Title IV Financial Assistance, determines if a Title IV Refund calculation was necessary and verifies the refunds were performed in a timely manner.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-8

Maryland State Department of Education (MSDE)

CFDA 84.027 Special Education - Grants to States (IDEA, Part B)
CFDA 84.173 Special Education - Preschool Grants (IDEA, Preschool)
CFDA 84.391 Special Education - Grants to States (IDEA, Part B), Recovery Act
CFDA 84.392 Special Education - Preschool Grants (IDEA, Part B), Recovery Act

U.S. Department of Education (USDE)

MSDE is not in compliance with the formula distribution for grants to Local Education Agencies (LEA).

84.027 Condition:

MSDE is required to use a formula to distribute grants to LEAs. USDE provides MSDE with an allocation table which lists the required and maximum set-asides to be deducted from the total grant award. One of the required set-asides is the LEA base allocation which represents the amount the LEA would have received from the federal fiscal year 1999 appropriation if the State had distributed 75% of its grant for that year to the LEAs.

The Hickey School was a State run facility which closed during State fiscal year 2006. The base amount allotted to the children receiving special education funds from the Hickey School should have been reallocated to the other LEAs or administrative responsibility areas which began to serve the children once the Hickey School closed; however, the base amount allocated to the Hickey School was improperly deducted from the LEA base allocation.

84.173 Condition:

Each year, the USDE also provides the IDEA, Preschool program with an updated allocation table which lists the total grant award and the maximum set-asides which can be deducted from the total grant award. MSDE did not use the Federal Fiscal Year (FFY) 2008, (State Fiscal Year (SFY) 2009) allocation table to calculate grants to LEAs, but instead used the calculation from the FFY 2006 (SFY 2007) allocation tables.

MSDE did not reperform the calculation for SFY 2009 and has been issuing grants to the LEAs based on the FFY 2006 total grant award. Since MSDE did not reperform the calculation for SFY 2009, MSDE did not obtain updated special education child counts, the population counts or poverty counts which would be required for the SFY 2009 formula grant calculation.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009- 8 (continued)

84.027 Criteria:

Chapter 34 of the Code of Federal Regulations Section 300.705 (2) (iii) states:

“If, for two or more LEAs, geographic boundaries or administrative responsibility for providing services to children with disabilities ages 3 through 21 change, the base allocations of affected LEAs must be redistributed among affected LEAs based on the relative numbers of children with disabilities ages 3 through 21, or ages 6 through 21 if a State has had its payment reduced under Sec. 300.703(b), currently provided special education by each affected LEA”

84.173 Criteria:

Chapter 34 of the Code of Federal Regulation Section 300.816(c) states:

“After making allocations under paragraph (a) of this section, the State must--

(1) Allocate 85 percent of any remaining funds to those LEAs on the basis of the relative numbers of children enrolled in public and private elementary schools and secondary schools within the LEA's jurisdiction; and

(2) Allocate 15 percent of those remaining funds to those LEAs in accordance with their relative numbers of children living in poverty, as determined by the State Educational Agency.”

Further,

“For the purpose of making grants under this section, States must apply on a uniform basis across all LEAs the best data that are available to them on the numbers of children enrolled in public and private elementary and secondary schools and the numbers of children living in poverty.”

Cause:

MSDE did not properly allocate Individuals with Disabilities Education Act (IDEA), Part B or IDEA, Preschool funds to LEAs.

84.027 Effect:

Because the LEA base allocation was improperly changed, the remaining excess funds were improperly allocated to the LEAs.

84.173 Effect:

Because the Federal Fiscal Year 2006 allocation table granted MSDE a larger award than the Federal Fiscal Year 2008 allocation table, it appears that MSDE used an incorrect Allocation sheet in determining the pass-through to the LEAs.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 – 8 (continued)**

Questioned Costs:

Unknown

Recommendation:

We recommend that MSDE only use the documentation provided annually by the USDE to calculate required set-asides including LEA base allocations, maximum administration allocations and maximum discretionary fund allocations.

Auditee Updated Response and Corrective Action Plan (November 8, 2010, Update):

During State Fiscal Year 2010 (Federal Fiscal Year 2009) the MSDE used the appropriate Fiscal Year Allocation Tables provided by U.S. Department of Education (USDE) and will continue to do so for future years.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009 –9

University System of Maryland – University of Maryland, University College

Student Financial Aid Cluster

CFDA No. 84.063-Federal Pell Grant Program (PELL)

CFDA No. 84.033-Federal Work Study Program (FWS)

CFDA No. 84.268-Federal Direct Student Loans (FDLP)

CFDA No. 84.038- Federal Perkins Loans (FPL)

CFDA No. 84.007- Federal Supplemental Educations Opportunity Grants (FSEOG)

U.S. Department of Health and Human Services

Return of Title IV Funds

Condition:

During our testing of Return of Title IV funds, we reviewed the refund calculations for 25 students. For one of the students selected, the calculation of the unearned amount of Title IV assistance was not in accordance with federal regulations. In addition, one of the title IV returns was not returned within 30 calendar days.

Criteria:

Per 34 CFR Section 668.22 states, in part, that an institution is required to have a fair and equitable refund policy. Per 34 CFR Section 668.22, when a recipient of title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of title IV grant or loan assistance that the student earned as of the student's withdrawal date withdrawals or the date the school discovers that the student has unofficially withdrawn. The unearned portion of Title IV funds must be returned to ED within 30 calendar days of the date the student officially withdrawals. Any unearned funds must be returned to the title IV program and no additional disbursements may be made to the student for the payment period.

Cause:

University of Maryland University College omitted unearned direct loan disbursements from its calculation of return of title IV funds.

Effect:

Without proper controls in place, there is no assurance that the correct amount of Title IV funds are being returned to Department of Education.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 –9 (continued)**

Questioned Costs:

Questions costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal controls over the calculation of Title IV funds. These controls should consist of proper documentation, supervision, and calculation of the returns within the required time frames.

Auditee Updated Response and Corrective Action Plan (November, 2010 Update):

The University of Maryland University College Financial Aid Office has been conducting reviews on a monthly basis of a sample population of Return of Title IV Funds since this finding. In the samples reviewed, there were no errors found.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 – 10**

University System of Maryland – University of Maryland, University College

Student Financial Aid Cluster

**CFDA No. 84.063-Federal Pell Grant Program (PELL)
CFDA No. 84.033-Federal Work Study Program (FWS)
CFDA No. 84.268-Federal Direct Student Loans (FDLP)
CFDA No. 84.038- Federal Perkins Loans (FPL)
CFDA No. 84.007- Federal Supplemental Educations Opportunity Grants (FSEOG)**

U.S. Department of Education

Borrower Data Transmission and Reconciliation (Direct Loans)

Condition:

During our review of the borrower reconciliations for fiscal year 2009, we noted that the required monthly borrower reconciliations had not been completed for 2009. We understand that Management is currently performing monthly reconciliation between the Office of financial aid and the business office, and reconciles all disbursements at the end of the award year.

Criteria:

Per 34 CFR Section 685.102, 301, and 3939 an Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records.

Cause:

University of Maryland University College has not developed a system to efficiently reconcile the institutions records with the Direct Loan Servicing System on a monthly basis as required.

Effect:

Without proper controls in place, there is no assurance that loan disbursements are properly identified and tracked by the University.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-10 (continued)**

Questioned Costs:

Questioned costs are undeterminable.

Recommendation:

We recommend that the University put procedures in place to have these reconciliations performed and reviewed on a monthly basis in accordance with the Federal regulations.

Auditee Updated Response and Corrective Action Plan (November, 2010 Update):

The University of Maryland University College has made several changes to its reconciliation process for the Direct Loan program. PeopleSoft delivered reports are being utilized in order to systematically review all loans and to more easily identify any discrepancies between PeopleSoft and COD. This allows quicker and easier accurate corrections to be sent to COD. Additionally, all monthly reconciliation reports are being maintained along with detailed work notes for each student. Given that UMUC disburses Direct Loans daily, these reports are as clean as possible.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 -11**

CFDA 20.500, 20.507 – Federal Transit Cluster –American Recovery and Reinvestment Act (ARRA) Funds

U.S. Department of Transportation

Noncompliance Allowable Costs

Condition:

During our allowable cost testing, we tested 40 transactions, representing \$3,150,980 in expenditures. Of the 40 tested, we found that 3 invoices, representing \$128,483, included Maryland State tax totaling \$2,210.

Criteria:

Taxes that a governmental unit is legally required to pay are allowable, except for self assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs. This provision becomes effective for taxes paid during the governmental unit's first fiscal year that begins on or after January 1, 1998, and applies thereafter. (Office of Management and Budget(OMB) Circular No. A-87 Attachment A, Paragraph 40)

Cause:

The primary contractors included tax that was invoiced by sub-contractors.

Effect:

Maryland Transit Administration submits costs for reimbursement that are not allowable.

Questioned Costs:

Unknown

Recommendation:

We recommend that the Maryland Transit Administration informs project managers and contractors to ensure that Maryland state tax is not to be included on invoices.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 – 11 (continued)**

Auditee Updated Response and Corrective Action Plan:

The MTA does not concur with the original finding. Subsequent to the initial response to this Audit finding, research indicated that the costs paid by the MTA for Federally funded projects during the audit period were allowable costs. The Maryland State taxes that were at issue in the audit finding, in the amount of \$2,210, were credited to the Federal Transit Administration in June, 2010.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2009-12

CFDA 20.205, 20.003 – Highway Planning and Construction Cluster

Noncompliance Suspension and Debarment

U.S. Department of Transportation

Condition:

For each of the 25 contracts that received American Recovery and Reimbursement Act (ARRA) funds, we found no evidence that the State Highway Administration (SHA) verified the contractor's suspension/debarment status with the State of Maryland's Board of Public Works. For 8 of the 25 contracts that received non-ARRA funds, we found no evidence that SHA verified the contractor's suspension/debarment status with the Federal government. Also, for each of the 25 contracts that received non-ARRA funds, there was no evidence that SHA Verified the contractors' suspension/debarment status with the State of Maryland's Board of Public Works.

Recommendation:

SHA should ensure they verify that all contractors of winning bids are not suspended or debarred from doing business with the Federal government or the State of Maryland by checking the federal website EPLS and the State of Maryland's Board of Public Works website. They should also ensure this verification is properly documented in the contract file.

Auditee Response and Corrective Action Plan:

We agree with the recommendations and new guidelines were issued on March 8, 2010 detailing the process for checking for debarment and the appropriate retention of documentation. By March 31, 2010 we will check the contracts noted by the auditors and ensure that the documentation is placed in the contract file.

Updated Auditee Response and Corrective Action Plan (March, 2010 Update):

The 25 contracts referenced in the finding have been verified on the Maryland Board of Public Works website and documented in the contract file, and the 8 contracts referenced have been verified on the Federal government's website and documented also. In addition, new guidelines outlining the verification and documentation process for low bidders were issued in March, 2010 and have been subsequently become part of the Office of Construction procedural manual. The process has been reviewed by our internal audits section and has been found to be working as described.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009-13**

Department of Human Resources (DHR)

CFDA No. 93.563 – Child Support Enforcement

U.S. Department of Health and Human Services

Noncompliance and Significant Deficiency over child support Inter- and Intra-State cases

Condition:

When the Child Support Administration division receives an interstate case and Maryland is responding state, within ten (10) calendar days Maryland's central registry must: acknowledge receipt of the case; ensure that all documentation received from the initiating state is complete; request any missing information necessary to process the case; forward the case to the correct local agency for location services or processing; and inform the initiating state where the case was sent for processing. In one (1) of the twelve (12) responding cases reviewed or 8.33% of cases, one or more of the actions required in the ten (10) day timeframe was not completed.

When Maryland's central registry receives an inquiry from a responding state pertaining to the case's status or for a review, the central registry has five (5) days to respond to the initiating state's request. In one (1) of the twelve (12) responding cases, or 8.33% of cases, Maryland's response to an initiating state's request for a case's status or for a review was not noted in the case file within five (5) days of receipt of the initiating state's inquiry.

After receiving the case from the central registry; within 75 days of receipt of an interstate child support enforcement transmittal form, the local agency must provide location services if the request is for location services. If the information provided is not adequate to locate the non custodial parent, the local agency must notify the initiating state if more information is needed to process the case or process the case to the extent possible pending necessary action by the initiating state. In one (1) of the twelve (12) responding cases, or 8.33% of cases, no location services was noted in the case file within seventy-five (75) days of receipt of the case.

This is a repeat finding from Fiscal Year 2006, Single Audit Report finding number 2006-5; Fiscal Year 2007, Single Audit Report finding number 2007-12 and Fiscal Year 2008, Single Audit Report finding number 2008-12.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-13 (continued)

Criteria:

45 CFR 303.7 (a) (2) states that “Within 10 working days of receipt of an interstate IV-D case from an initiating State, the central registry must:

- (i) Ensure that the documentation submitted with the case has been reviewed to determine completeness;
- (ii) Forward the case for necessary action either to the State PLS for location services or to the appropriate agency for processing;
- (iii) Acknowledge receipt of the case and ensure that any missing documentation has been requested from the initiating State; and
- (iv) Inform the IV-D agency in the initiating State where the case was sent for action.”

45 CFR 303.7 (a) (4) states that “The central registry must respond to inquiries from other States within 5 working days of receipt of the request for a case status review.

45 CFR 303.7 (c) (4) within 75 calendar days of receipt of an Interstate Child Support Enforcement Transmittal Form, and documentation from its interstate central registry, the IV-D agency must:

- (i) Provide location services in accordance with Sec. 303.3 of this part if the request is for location services or the form or documentation does not include adequate location information on the noncustodial parent;
- (ii) If unable to proceed with the case because of inadequate documentation, notify the IV-D agency in the initiating State of the necessary additions or corrections to the form or documentation.
- (iii) If the documentation received with a case is inadequate and cannot be remedied by the responding IV-D agency without the assistance of the initiating State, the IV-D agency must process the interstate IV-D case to the extent possible pending necessary action by the initiating State.

Cause:

The inadequate internal controls over the various child support cases caused DHR to be out of compliance with several of the Federal guidelines.

Effect:

DHR is unable to meet and follow Federal guidelines in child support cases and is non-compliant with certain areas of the Federal guidelines.

Questioned Costs:

Unknown

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-13 (continued)

Recommendation:

We recommend that DHR put a process in place in which DHR ensures all staff members are aware of the Federal guidelines and timelines and put tracking mechanisms in place to ensure that the guidelines and timelines are being met such as system prompts when all Federal timelines are coming due. We recommend DHR adheres to documented internal controls so that supervisors are also aware of impending Federal timelines for Child Support interstate and intrastate cases to ensure compliance with Federal guidelines.

Auditee Updated Response and Corrective Action Plan (November 8, 2010, Update):

DHR/did not meet the required timeframe for response to the initiating state.

DHR agrees with the finding. DHR agrees that the Interstate Central Registry Unit (ICR) did not meet the ten (10) days timeframe for one (1) of twelve (12) or 8.33% of responding cases.

DHR has implemented the following corrective action plans for the Interstate Central Registry Unit. These corrective action plans ensure that staff members become aware of the federal guidelines and meet the federal timelines.

1. Development of Refresher Training Course:

The corrective actions taken include the development of a three (3) phase refresher training course that consisted of (1) a review of the federal guidelines related to interstate case regulations, (2) a review of the ICR standard operation procedures, and (3) a review of the electronic interstate tracking system (CITS). The CITS is an interstate tracking system that assists in the management of responding case request/s processed by the ICR. CITS provides the following information and services: (1) The date that Maryland Child Support Enforcement Administration CSEA received the case request, (2) scans documents associated with the case, and (3) provides system prompts, via e-mail to staff and supervisors, as to when federal timelines associated with the ICR are due.

2. Revision of Current Policy and Procedures:

In May 2010, DHR/CSEA (ICR) unit revised the current policy and procedures in an effort to ensure compliance with the federal guidelines. In order to be in compliance with the 10 days timeframe, the ICR unit reduced the time for internal review of a case from eight (8) days to six (6) days. Also, the ICR Unit has implemented supervisory control procedures to ensure compliance with federal guidelines and regulations.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-13 (continued)

Auditee Updated Response and Corrective Action Plan (May, 2010 Update) (continued):

3. Staff Development & Training:

In June 2010, the Department conducted an 8-hour training session that focused on federal guidelines and regulations related to the timely processing of interstate cases. This training provided staff with the familiarity and in-depth knowledge of the Department's ICR standard operation procedures as well as becoming proficient in the electronic interstate tracking system (CITS).

4. Additional Training on federal guidelines and timeframes:

In December 2010, the Department will conduct an additional training session to further strengthen the knowledge of staff members on the federal guidelines and regulations related to the timely processing of interstate cases.

5. CITS User Training:

The University of Maryland, College Park will provide training on CITS for all users within the ICR Unit. Completion date of the CITS training is December 2010.

DHR disagrees with the finding that one (1) of twelve (12) or 8.33% of responding cases had no location services noted in the case file within seventy-five (75) days of receipts of the case.

DHR received incorrect pertinent data (name and social security number) on the Virginia case. A correct name and number are required to conduct a location search. On October 17, 2008, DHR requested the correct information via e-mail to the Virginia Department of Social Services requesting that the data be changed. On August 11, 2009, the information was updated and location search began on August 13, 2009.

DHR/CSEA's previous comment and corrective action remains unchanged. DHR/CSEA did not have authorization to change pertinent data, (name and social security number) on a Virginia case. The case cited was known to the system, as a Virginia Department of Social Services Case (DSS). Therefore, DHR/CSEA contends that corrective action plan is not required.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2009 -14**

Maryland State Department of Education (MSDE)

**CFDA 84.027 Special Education - Grants to States (IDEA, Part B)
CFDA 84.173 Special Education - Preschool Grants (IDEA, Preschool)
CFDA 84.391 Special Education - Grants to States (IDEA, Part B), ARRA
CFDA 84.392 Special Education - Preschool Grants (IDEA, Part B), ARRA**

U.S. Department of Education (USDE)

Non - compliance and internal controls over maximum administration earmarking requirements

Condition:

MSDE is required to spend no more than the maximum amount of \$331,973 on administration for the Individuals with Disabilities Education Act (IDEA), Preschool Grant for State Fiscal Year (SFY) 2009. The maximum amount is set by the Fiscal Year 2008 Allocation Estimates Table provided by the USDE to MSDE on an annual basis. Per the Administrative Expense Detail, MSDE spent \$393,185 for state level activities for SFY 2009.

Criteria:

Chapter 20 of the United States Code, Section 1419 (d) states:

“(1) In general

Each State may reserve not more than the amount described in paragraph (2) for administration and other State-level activities in accordance with subsections (e) and (f).

(2) For each fiscal year, the Secretary shall determine and report to the State educational agency an amount that is 25 percent of the amount the State received under this section for fiscal year 1997, cumulatively adjusted by the Secretary for each succeeding fiscal year...”

And

“(e) (1) In general

For the purpose of administering this section (including the coordination of activities under this subchapter with, and providing technical assistance to, other programs that provide services to children with disabilities) a State may use not more than 20 percent of the maximum amount the State may reserve under subsection (d) for any fiscal year.”

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2009-14 (continued)

Cause:

MSDE did not adhere to the maximum administration limits set forth in the Fiscal Year 2008 Allocations Estimates table provided by the USDE.

Effect:

MSDE exceeded the maximum limit on administration expenditures for the IDEA, Preschool Grants for SFY 2009 by \$61,212.

Questioned Costs:

\$61,212

Recommendation:

We recommend that MSDE monitor the administrative allocations and observe the documentation provided annually by the USDE to expend the maximum administration allocations and adhere to funding limits established.

Auditee Updated Response and Corrective Action Plan (November 8, 2010, Update):

MSDE adjusted the FY09 over-expenditures to another fund source. In State Fiscal Year 2010 (Federal Fiscal Year 2009), MSDE used the appropriate Federal Fiscal Year Allocation Tables provided by USDE. In addition, MSDE has established separate fund accounting codes to record the funds consistent with the Federal Fiscal Year Allocation Tables. The codes became effective July 1, 2010, and enable MSDE to track and record IDEA Preschool administrative expenditures separately. This action strengthens MSDE's monitoring controls to ensure that IDEA Preschool administrative costs are within allowable limits.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-1**

Department of Health and Mental Hygiene (DHMH)

**State Children's Insurance Program (SCHIP)
CFDA No. 93.767**

US Department of Health and Human Services (HHS)

Compliance deficiency over the eligibility determination process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program on a uniform basis throughout the State for persons who are apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Howard County, Kent County and Alleghany County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2008. We noted the following exceptions:

Baltimore City

Did not comply with the requirement to verify and maintain proof of citizenship in one of the eight new files tested.

Frederick County

Existing participant was denied medical assistance due to over scale income and was sent a letter regarding the premium program in 2002. Since that time, the participant has been using the premium program without any redeterminations of the eligibility status by neither the premium department, DHR or DHMH. There was no file available for review and within the CARES system, there had only been information through January 16, 2002.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2008-1 (continued)

Auditee Response and Corrective Action Plan:

DHMH agrees with the finding and recommendation for Baltimore City and has once again reinforced the citizenship and identity requirements to the Baltimore City Health Department (Baltimore Health Care Access). Baltimore Health Care Access senior management staff has assured us that they retrained staff regarding these requirements and are conducting internal audits as a follow-up measure.

The Department concurs with the finding for the Frederick County case as referenced above. Upon research, it was discovered the case was not sent on the daily auxiliary file from CARES as eligible for redetermination of current eligibility status. However, as of December 17, 2008, the client was denied medical assistance due to over scale income and was referred to the MCHP Premium Program. To date, the client has been deemed eligible for MCHP Premium. Additional analysis is being completed to determine the cause for the transmission error with the auxiliary file. In addition, MCHP Premium staff is reviewing the redetermination process for overall efficiency and process improvement. In the interim, reports are being generated and worked monthly by the MCHP Premium Unit to ensure timely results of application processing and redetermination status.

Auditee's Updated Response and Corrective Action Plan:

(October 2010 Update)

DHMH continues to monitor and enhance our systems and protocols to eliminate future adverse findings.

In addition to ongoing monitoring and education, we continue to improve citizenship verification by having Case Managers use the federal system to check individuals against records of the Social Security Administration. This process takes about two days, and for individuals known to the federal system it eliminates the time, effort and expense of obtaining a birth certificate or other citizenship proof. We believe that this new utility, and other new citizenship verification rules, will enable the department and the Department of Human Resources to reduce citizenship errors.

Auditor's Comment:

See finding 2010-1

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-3**

Department of Health and Mental Hygiene (DHMH)

**Substance Abuse Treatment and Prevention Block Grant
CFDA No. 93.959**

US Department of Health and Human Services (HHS)

Compliance and Internal Control Weakness over Sub recipient Monitoring.

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). The division director for ADAA indicated that compliance reviews of the sub-recipients are conducted bi-annually. AFNW reviewed twenty-five (25) files that contain documents related to the award of Federal funds to local health departments (LHDs) and private vendors (“sub recipients”) to obtain reasonable assurance that site visits to evaluate the program were conducted in accordance with the General Requirements of OMB Circular A-133 and the conditions of grant award imposed by ADAA. We noted that of the twenty five files reviewed there were three (3) sites that were not visited within the last two years; one (1) site that was not visited; and there were three (3) files that could not be found. In addition, there were compliance findings noted in five (5) of the files that require corrective actions but ADAA failed to obtain a corrective action plan from any of the recipients.

Auditee Response and Corrective Action Plan:

The ADAA concurs with the findings and recommendation. ADAA acknowledges that one of the twenty-five site visits (.04%) was not reviewed and one file did not include a corrective action plan to ensure 100% compliance with the federal requirements. However, we do not concur with the *Cause and Effect* comments as noted above. In the future, ADAA will ensure that 100% of the required site visits are performed. Furthermore, ADAA will obtain corrective action plans, when appropriate, based on the seriousness of the compliance review infraction.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-3 (continued)**

Auditee Updated Response and Corrective Action Plan (continued):

(October 2010 Update)

With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditor's Comment:

See finding 2010-6

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2008-4

Department of Health and Mental Hygiene (DHMH)

Substance Abuse Treatment and Prevention Block Grant CFDA No. 93.959

US Department of Health and Human Services (HHS)

Compliance and Internal Control Weakness over Special Test & Provisions (Independent Peer Review)

Condition:

The Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH), hires private contractors to perform its peer review functions. The selection of a particular contractor is made from an established list of approved vendors. However, once a selection of a contractor is made, there is no documentation of the independence of that contractor with respect to the sub-recipient that he or she is asked to review. As part of the peer review process, the sub-recipient is asked to complete a Peer Review Follow-Up Questionnaire. We noted that in one instance when asked what parts of the peer review could be improved; the sub-recipient responded "I would also think it would be better for the reviewer to be from out of the area."

Auditee Response and Corrective Action Plan:

The ADAA agrees that it would be beneficial to develop an affidavit for contractors to establish their independence with respect to the sub-recipient they are asked to review in order to adhere to the provisions of OMB Circular A-133.

The ADAA notes that Independent Peer Reviewers never review their own programs and the reviews are not conducted as part of the licensing or certification process. The program that responded, "I would think it would be better for the reviewer to be from out of the area." was from the same multi-county geographical region as the reviewer but not from the same jurisdiction. The referenced peer reviewer held no relationship or interest in the reviewed program.

Reviewers are screened and asked verbally if they are independent of the program that they would be assigned to review, but documentation to that effect had not been placed in the record. The Administration will require peer reviewers to sign an affidavit regarding each peer review they conduct. The affidavit will clearly attest to their independence from the program to be reviewed. This affidavit will be used for all future peer reviews.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-4 (continued)**

Auditor's Conclusion:

Based on the above, the finding remains as stated.

Auditee Updated Response and Corrective Action Plan:

(October 2010 Update)

The ADAA developed an affidavit as required by the audit performed for Fiscal Year ending June 30, 2008. This affidavit was reviewed by the Maryland State Attorney General's office and approved for use by the ADAA. The ADAA changed its policy whereby all independent peer reviewers would sign the affidavit prior to performing a peer review. A copy of the affidavit was given to the auditor.

The affidavit was used for Fiscal Year 2011, independent peer reviewers. The first affidavit was signed June 24, 2010, for the July 8, 2010, peer review.

Auditor's Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-8**

Maryland Department of Veterans' Affairs (MDVA)

**CFDA No. 64.014 Veteran State Domiciliary Care
CFDA No. 64.015 Veteran State Nursing Care**

U.S. Department of Veteran Affairs (USVA)

The State of Maryland's Veterans Home Program has Internal control weakness over reconciliation of the Schedule G.

Condition:

We noted that one receipt of \$ 596,073 with an effective date in R*Stars of June 1, 2008, was not reported in Schedule G as a cash receipt for the fiscal year ending June 30, 2008 or as a receivable for the fiscal year ending June 30, 2007.

Auditee Updated Response and Corrective Action Plan:

(February, 2010 Update)

The Department is in agreement with the auditors' findings and will take appropriate actions to enhance the reconciliation process. In the future, Schedule G will be prepared from R*Stars reports and the record of any necessary adjustments or reconciliations will be maintained with appropriate supporting documentation. Additionally, MDVA will establish procedures to conduct a monthly reconciliation of federal fund revenues. We believe the procedures in place will prevent the reoccurrence of this reporting error.

We are still researching the sum of \$596,073 with the assistance of the State Treasurer Banking Service Office and US VA Medical Center, Washington D.C. to locate the difference.

Update:

State Treasurer Office (STO) Banking Services research was able to determine that the above receipt was a partial Per Diem payment. As a result of this determination MDVA working with STO and US VA Medical Center corrected the ACH delivery/revenue stream. Using proper coding for ACH Per Diem ACH the revenue stream is now directed to Veterans Home account instead of being delivered to State of Maryland banking holding account for further distribution.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2008-8 (continued)**

February 2011 Final Update:

The above described revenue recognition is in place and performing smoothly. On a monthly basis reconciliation is accomplished and any discrepancies are brought to the attention of the U.S. VA Medical Center for their attention and action.

Auditors' Comment:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2008-12

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support Enforcement
U.S. Department of Health and Human Services (HHS)

Inadequate internal controls over child support Inter- and Intra-State cases

Condition:

When the Child Support Administration division receives an interstate case, Maryland as the initiating state, has 20 days to refer the case to the responding state's central registry after determining that the non-custodial parent is located in another state, and if necessary, receipt of any necessary information to process the case. During our review, we noted that in 6 out of 13 initiating cases, or 45.15% of the cases reviewed, that the case was not referred to the responding state's central registry within 20 days after determining that the non-custodial parent was located in another state and after receipt of all information necessary to process the case.

When the Child Support Administration division receives a request for more information from a responding state, Maryland as the initiating state has 30 calendar days to either provide the responding state with the requested information or notify the responding state when the information will be provided. In 3 out of 13 initiating cases reviewed, or 23.08% of the cases, the requested information was not provided to the responding state nor was the date that the requested information would be provided documented in the case file.

When the Child Support Administration division receives an interstate case and Maryland is responding state, within 10 calendar days Maryland's central registry must: acknowledge receipt of the case; ensure that all documentation received from the initiating state is complete; request any missing information necessary to process the case; forward the case to the correct local agency for location services or processing; and inform the initiating state where the case was sent for processing. In 3 of the 12 responding cases reviewed or 25% of cases, 1 or more of the actions required in the 10-day timeframe was not completed.

When Maryland's central registry receives an inquiry from a responding state pertaining to the case's status or for a review, the central registry has five days to respond to the initiating state's request. In 1 of the 12 responding cases, or 8.33% of cases, Maryland's response to an initiating state's request for a case's status or for a review was not noted in the case file within five days of receipt of the initiating state's inquiry.

After a Child Support order has been established, within 30 days of identifying a delinquency, Maryland as the responding/enforcing state must take and document some enforcement action was taken and documented unless a service of process is necessary. In 8 of 12 responding cases reviewed, or 66.67% of responding cases, no enforcement action was taken and documented within 30 days of identifying a delinquency.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2008-12 (continued)

Condition (continued):

The Federal guidelines require that the agency responsible for Child Support Enforcement attempts to establish paternity and a support obligation for children born out of wedlock. During our testing, we noted that 1 of 13 initiating cases reviewed, or 7.69% of initiating cases, no paternity and support obligation was established.

The Federal guidelines require that the Child Support attempts to secure medical support information, and establish and enforce medical support obligations for all individuals eligible for DCSE services. During our testing, we noted that in 1 of 13 initiating cases reviewed, or 7.69% of initiating cases, no medical support obligation was established and enforced.

This is a repeat finding from the Fiscal Year 2005, Single Audit Report finding number 2005-16; Fiscal Year 2006, Single Audit Report finding number 2006-5; and Fiscal Year 2007 Single Audit Report finding number 2007-12.

Auditee Updated Response and Corrective Action Plan:

(February 18, 2011 Update)

Actions Taken: The Department of Human Resources Child Support Enforcement Administration (DHR/CSEA) has tracking mechanisms and processes in place to facilitate internal control over the Administration's Interstate and Intrastate cases. The following tracking tools are used to track Interstate cases: (1) The Federal Self Assessment Review, (2) The Maryland Central Registry Interstate Tracking System (CITS), (3) CSEA Quality Control Report and (4) CSEA Staff Training Academy.

(1) Federal Self Assessment Review Tool

The Federal Self Assessment Review is an evaluating tool required by the Federal Office of Child Support (OCSE), to determine whether the state of Maryland is meeting the Federal case processing criteria. Also, it is used to conduct the Program Audit on interstate case processing (45 CFR 303.7). DHR/CSEA successfully passed the Self Assessment Review for the Federal Fiscal Year 2010.

(2) Maryland Responding Case Tracking System (CITS)

Since June 26, 2009, DHR/CSEA has used the Maryland Responding Case Tracking System (CITS). CITS is an interstate tracking system which assists in the management of responding case requests processed by the Interstate Central Registry team.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2008-12 (continued)

Auditee Updated Response and Corrective Action Plan (continued):

(3) **Quality Control Review**

DHR/CSEA continues to utilize the Quality Control Review Tool (QCR) to provide oversight for the 24 local jurisdictions. It ensures that (1) cases are processed according to the federal and state requirements, (2) that the information in the automated Child Support Enforcement System (CSES) is accurate, and (3) that the hardcopy files contain the necessary documents to support the data in CSES.

(4) **Training Academy**

DHR/CSEA has a Maryland's Child Support Enforcement Program Training Academy (Academy). The functions of the academy in part are as follows: To provide training on the core functions of child support; (1) ensure that the Agency stays abreast of federal regulations and guidelines; (2) provide refresher courses to the Agency's supervisors, and (3) provide training to new and experienced staff.

The Department submitted to the auditors performing the Single Audit copies of supporting documents showing that cited errors were corrected. Also, information and supporting documentation related to the 2007 Single Audit were sent to the US Department of Health and Human Services Administration for Children and Families (ACF) in Washington, DC and Region III in Philadelphia, PA. The DHR also responded to the Health and Human Services Resolution Authority on December 22, 2009, regarding these findings.

Auditors' Comments:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2007-1**

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program-Medicaid Cluster
CFDA No. 93.778
State Children's Insurance Program (SCHIP)
CFDA No. 93.767**

U.S. Department of Health and Human Services

Internal control deficiency over the eligibility determination process

Condition:

We reviewed Supervisory Review (SRS) cases from the Local Health Department (LHD) for all twenty-four Maryland jurisdictions to determine whether SRS review (MCHIP Quality Review) forms were timely submitted to the Department of Health and Mental Hygiene (DHMH) and on-site reviews were conducted to ensure the LHD's are meeting quotas according to SRS standards, case file accuracy, and case processing time limits. We noted that Howard County LHD did not submit MCHIP Quality Review forms from June 2006 through May 2007. We also noted DHMH failed to follow its procedures outlined in its January 25, 2006, Memorandum which provides that failure to submit the required SRS review forms in a timely manner would be reported to the Office of Eligibility Services.

Auditee Updated Response and Corrective Action Plan:

(November 2009 Update)

All on-site reviews were performed to ensure the Local Health Departments were meeting quotas according to Supervisory Review (SRS) standards, case files accuracy, and case processing time limits. Twenty-three of the twenty-four Maryland jurisdictions timely submitted SRS review forms to the Department. One Local Health Department failed to meet the quotas according to SRS standards and was reported to the Office of the Eligibility Services, as required.

Auditor's Comment

There were no repeat findings in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2007-2**

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.778**

US Department of Health and Human Services

Compliance and Internal control deficiency over the eligibility determination process.

Condition:

On July 1, 1985, the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH. In addition, DHMH's Local Health Departments are responsible for determining eligibility for the Maryland Children's Health Insurance Program (MCHIP) covered under Title XIV of the Social Security Act.

We selected a total of 65 Medical Assistance claim files to review for eligibility determination. These 65 files were comprised of 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Charles County, Howard County, Cecil County, and Frederick County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients. All claims were processed during the fiscal year ended June 30, 2008. We noted the following exceptions:

Baltimore City

DHR's Department of Social Services failed to maintain the original signed application. We noted the application date was changed from 10/27/07 to 10/27/06 for one of the eight newly eligible files. The change on the application appeared to have been made in order to support the initial eligibility decision date of 11/09/06. However, the information contained in the application was inconsistent with the date of 10/27/06.

Howard County

Internal control deficiency in that one of the eight newly eligible files was not located.

Frederick County

Internal control deficiency in that one of the five existing eligible files could not be located.

Cecil County

No signed application, in that the signature page of the application for one of the eight newly eligible files was missing.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2007-2 (continued)

Condition: (continued)

This is, in part, a repeat finding from Fiscal Years Ended June 30, 2004, 2005, and 2006 Single Audit Report finding number 2004-24, 2005-5, and 2006-14 respectively.

Auditee Updated Response and Corrective Action Plan:

(March 2011 Update)

DHMH will work with the Department of Human Resources (DHR) and the LHD on issues with obtaining and maintaining documentation, performing the appropriate clearances at application and redetermination, transferring case records between local departments, record retention and re-determining eligibility appropriately. In addition to following-up with each cited local department, we will issue an information memorandum highlighting the issues to all eligibility workers by the end of the fiscal year. Additionally, we will add appropriate items to the agenda for the regularly scheduled meetings and training sessions beginning in April 2011.

The eligibility and re-determination process for Primary Adult Program (PAC) is provided for on a separate system from Medicaid and CHIP. There were multiple enhancements to the PAC Eligibility system in 2009 and 2010. Once the enhancements were made, DHMH made provisions for the backlog associated with the PAC Eligibility system down time to be resolved. Although the re-determinations were not completely timely as required by Federal and State regulations, continued eligibility was re-established when the system enhancements were completed.

Auditors' Comment:

See finding 2010-1

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2007-3**

Department of Health and Mental Hygiene (DHMH)

**State Children's Insurance Program (SCHIP)
CFDA No. 93.767**

US Department of Health and Human Services

Compliance and Internal control deficiency over the eligibility determination process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program on a uniform basis throughout the State for persons who are apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Howard County, Cecil County and Charles County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2007. We noted the following exceptions:

Baltimore City

Did not comply with the requirement to verify and maintain proof of citizenship in one of the five existing files tested.

Frederick County

Internal control deficiency in that one of the five existing files could not be located

Howard County

Internal control deficiency in that two of the eight newly eligible files could not be located.

This is, in part, a repeat finding from fiscal year 2006, Finding 2006-18.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2007-3 (continued)**

Auditee Updated Response and Corrective Action Plan:

(November, 2009 Update)

DHMH will work with the Department of Human Resources (DHR) and the LHD on issues with obtaining and maintaining documentation, performing the appropriate clearances at application and redetermination, transferring case records between local departments, record retention and re-determining eligibility appropriately. In addition to following-up with each cited local department, we will issue an information memorandum highlighting the issues to all eligibility workers by the end of the fiscal year. Additionally, we will add appropriate items to the agenda for the regularly scheduled meetings and training sessions beginning in April 2011.

The eligibility and re-determination process for Primary Adult Program (PAC) is provided for on a separate system from Medicaid and CHIP. There were multiple enhancements to the PAC Eligibility system in 2009 and 2010. Once the enhancements were made, DHMH made provisions for the backlog associated with the PAC Eligibility system down time to be resolved. Although the re-determinations were not completely timely as required by Federal and State regulations, continued eligibility was re-established when the system enhancements were completed.

Auditors' Comment:

See finding 2010-1

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010 Finding 2007-12

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support Enforcement
U.S. Department of Health and Human Services

Inadequate internal controls over child support Inter- and Intra-State cases

Condition:

When the Department of Human Resources local offices receive an application for Child Support Services, the local agency must open the case within no more than 20 days of the receipt of the referral or of the filing of an application for services. During our review, we noted that in 6 of 13 initiating cases, or 46.15% of the cases reviewed, that the case was not opened in 20 days of receipt of the referral or application.

When the Child Support Administration division is receives an interstate case, Maryland as the initiating state, has 20 days to refer the case to the responding state's central registry after determining that the non-custodial parent is located in another state, and if necessary, receipt of any necessary information to process the case. During our review, we noted that 7 out of 13 initiating cases, or 53.85% of the cases reviewed, that the case was not referred to the responding state's central registry within 20 days after determining that the non-custodial parent was located in another state and after receipt of all information necessary to process the case.

When the Child Support Administration division receives a request for more information from a responding state, Maryland as the initiating state has 30 calendar days to either provide the responding state with the requested information or notify the responding state when the information will be provided. In 3 out of 13 initiating cases reviewed, or 23.08% of the cases, the requested information was not provided to the responding state nor was the date that the requested information would be provided documented in the case file.

When the Child Support Administration division receives an interstate case and Maryland is responding state, within 10 calendar days Maryland's central registry must: acknowledge receipt of the case; ensure that all documentation received from the initiating state is complete; request any missing information necessary to process the case; forward the case to the correct local agency for location services or processing; and inform the initiating state where the case was sent for processing. In 4 of the 12 responding cases reviewed (33.33% of cases reviewed), one or more of the actions required in the 10-day timeframe was not completed.

When Maryland's central registry receives an inquiry from a responding state pertaining to the case's status or for a review, the central registry has five days to respond to the initiating state's request. In 3 of the 12 responding cases, (25.00% of cases reviewed), Maryland's response to an initiating state's request for a case's status or for a review was not noted in the case file within 5 days of receipt of the initiating state's inquiry.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2007-12 (continued)

Condition: (continued)

When Maryland, as the responding state, receives an interstate Child Support Transmittal form, within 75 days, Maryland must; provide location services if the initiating states request is for location services or if the initiating state did not provide sufficient information to locate the non-custodial parent; notify the initiating state if more information or corrected information is necessary to process the case; and process the case to the extent possible pending necessary action by the initiating state. In 6 of the 12 responding cases reviewed, one or more of the actions required in the 75-day time frame was not completed.

After a Child Support order has been established, within 30 days of identifying a delinquency, Maryland as the responding/enforcing state must take and document some enforcement action was taken and documented unless a service of process is necessary. In 1 of 12 responding cases, or 8.33% of responding cases reviewed, no enforcement action was taken and documented within 30 days of identifying a delinquency.

This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44; Fiscal Year 2005, Single Audit Report finding number 2005-16; and Fiscal Year 2006, Single Audit Report finding number 2006-5.

Auditee Updated Response and Corrective Action Plan:

(November, 2009 Update)

Actions Taken: The Department of Human Resources Child Support Enforcement Administration (CSEA) has tracking mechanisms and processes in place to facilitate internal control over the Administration's Interstate and Intrastate cases. The following tracking tools are used to track Interstate cases: (1) The Federal Self Assessment Review, (2) The Maryland Central Registry Interstate Tracking System (CITS), (3) CSEA Quality Control Report and (4) CSEA Staff Training Academy.

(1) Federal Self Assessment Review Tool

The Federal Self Assessment Review is an evaluating and measuring tool, required by the Federal Office of Child Support (OCSE), to determine whether the state of Maryland is meeting the Federal case processing criteria. It is also used to conduct the Program Audit on Interstate case processing (45 CFR 303.7). Maryland's CSEA passed the Self Assessment Review in 2007 and 2008.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2010

Finding 2007-12 (continued)

Auditee Updated Response and Corrective Action Plan (continued):

(2) **Maryland Responding Case Tracking System (CITS)**

The Maryland Responding Case Tracking System (CITS) is an interstate tracking system, which assists in the management of responding case request/s processed by the Interstate Central Registry. CITS was available to the Child Support Offices starting June 26, 2008, and provides the following information and services: (1) The date the case request was received by Maryland CSEA, (2) scans the documents associated with the case, and (3) provides acknowledgement to the other state and date stamps the time that the request was sent to the local child support office.

(3) **Quality Control Review**

Maryland CSEA has a Quality Control Review Tool (QCR) expanded procedures February 3, 2009, which is used to provide oversight for the 24 local jurisdictions to ensure that (1) cases are processed according to the federal and state requirements, (2) that the information in the automated Child support Enforcement System (CSES) is accurate and completed in a timely manner, and (3) that the paper/hardcopy files contain the necessary documents to support the data in CSES.

(4) **Training Academy**

Maryland CSEA has a Maryland's Child Support Enforcement Program Training Academy that provides ongoing training for all child support staff. The Academy has a New Staff Academy that has an Introduction to Child Support Enforcement course. This course provides training on the basic elements of Child Support Enforcement for new staff as well as supervisors. It also educates staff on the Federal timelines, and provides re-training on the Federal guidelines.

The Department submitted to the auditors performing the Single Audit copies of supporting documents showing that cited errors were corrected. Also, information and supporting documentation related to the 2007 Single Audit were sent to the US Department of Health and Human Services Administration for Children and Families (ACF) in Washington, DC and Region III in Philadelphia, PA. The DHR also responded to the Health and Human Services' Resolution Authority on December 22, 2009, regarding these findings.

(March 2010 Update)

The DHR received a letter from the federal Department of Health and Human Services, Office of Child Support Enforcement, dated December 10, 2008, stating corrective action implemented by the organization were sufficient to resolve the auditors recommendation.

Auditors' Comments:

There was no repeat finding in fiscal year 2010.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010
Finding 2007-16**

**Maryland Department of Transportation – State Highway Administration (SHA)
CFDA No. 20.205**

U. S. Department of Transportation

SHA was noncompliant over Suspension and Debarment records maintenance

Condition:

The State Highway Administration did not have documentation supporting the efforts to check the Excluded Parties List System for debarred and suspended contractors and subcontractors for the 15 contracts reviewed.

Auditee Updated Response and Corrective Action Plan:

(November, 2009 Update)

The procedure that was established during the March 21, 2008, conference call is in place. A field is being populated with the last date that our SHA employees check the federal website on suspended or debarred contractors. This is being done on each and every bid date for all contractors that are submitting bids to us. These procedures were verified in November 2009, with the Office of Construction.

Auditors' Comments:

There was no repeat finding in fiscal year 2010.

THIS PAGE INTENTIONALLY LEFT BLANK



SB & Company, LLC

Baltimore Office:

200 International Circle, Suite 5500

Hunt Valley, Maryland 21030

410.584.0060 (P)

410.584.0061 (F)

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL <i>Linda H. Lamme</i>	TITLE <i>ADMINISTRATOR OF ELECTIONS</i>
APPLICANT ORGANIZATION <i>Maryland State Board of Elections</i>	DATE SUBMITTED <i>July 8, 2011</i>



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

ntrella@elections.state.md.us

Ms. Nikki Trella
Project Manager
Election Reform Director
151 West Street, Suite 200
PO Box 6486
Annapolis, MD 21401

Dear Ms. Trella:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 28 September 2011. The scheduled time to commence is at 2:00 PM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. You propose to establish metrics to measure outcomes and the collection of accurate data to include both micro-level individual data (such as voter satisfaction with the registration and balloting processes) as well as macro-level data (such as usage of the online absentee ballot delivery system and ballot return and acceptance rates). How will these provide a basis for comparisons across states and facilitate the collection of comparable data.
2. You propose that during both the registration and balloting phase to collect data important to measuring outcomes and track those intervening variables that would impact results. What

type of survey instrument will be used for the post-election voter survey and collect from election official's aggregate data after the election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil.

(b) (6)

Robert J. Lavelle
Grants Officer



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 10/09/2012.

This vendor has chosen to opt out of the CCR Public Search.

DUNS: 803888098

DUNS PLUS4:

CAGE/NCAGE: 3L9B3

Legal Business Name: SECRETARY OF STATE, MINNESOTA

Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 100 REV MARTIN LTHR KING

Physical Street Address 2:

Physical City: SAINT PAUL

Physical State: MN

Physical Foreign Province:

Physical Zip/Postal Code: 55155-0001

Physical Country: USA

Mailing Name: SECRETARY OF STATE, MINNESOTA

Mailing Street Address 1: 60 EMPIRE DRIVE

Mailing Street Address 2: SUITE 100

Mailing City: SAINT PAUL

Mailing State: MN

Mailing Foreign Province:

Mailing Zip/Postal Code: 55103-2141

Mailing Country: USA

Business Start Date: 05/24/1858

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

VN - Contracts

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: JENNY KURZ

Address Line 1: 180 STATE OFFICE BUILDING

Address Line 2: 100 DR REV MLK JR BLVD

Government Business Alternate POC

Name: JENNY KURZ

Address Line 1: 180 STATE OFFICE BUILDING

Address Line 2: 100 DR REV MLK JR BLVD

City: SAINT PAUL
State: MN

Foreign Province:
Zip/Postal Code: 55155
Country: USA
U.S. Phone: 651-201-1368
Non-U.S. Phone:
Fax: 651-296-0127

City: SAINT PAUL
State: MN

Foreign Province:
Zip/Postal Code: 55155
Country: USA
U.S. Phone: 651-201-1368
Non-U.S. Phone:
Fax: 651-296-0127

Past Performance Primary POC

Name:

Address Line 1:

Address Line 2:

City:

State:

Foreign Province:

Zip/Postal Code:

Country:

U.S. Phone:

Non-U.S. Phone:

Fax:

Past Performance Alternate POC

Name:

Address Line 1:

Address Line 2:

City:

State:

Foreign Province:

Zip/Postal Code:

Country:

U.S. Phone:

Non-U.S. Phone:

Fax:

Electronic Business Primary POC

Name: JENNY KURZ

Address Line 1: 180 STATE OFFICE BUILDING

Address Line 2: 100 CONSTITUTION AVE.

City: SAINT PAUL

State: MN

Foreign Province:

Zip/Postal Code: 55155-1299

Country: USA

U.S. Phone: 651-201-1368

Non-U.S. Phone:

Fax: 651-296-0127

Electronic Business Alternate POC

Name: JENNY KURZ

Address Line 1: 180 STATE OFFICE BUILDING

Address Line 2: 100 CONSTITUTION AVE.

City: SAINT PAUL

State: MN

Foreign Province:

Zip/Postal Code: 55155-1299

Country: USA

U.S. Phone: 651-201-1368

Non-U.S. Phone:

Fax: 651-296-0127



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C. 2358.

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372.

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No A-110.

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Twin Cities 5600 American Boulevard West Bloomington, MN 55437	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Minnesota Secretary of State 100 Rev Martin Luther King Saint Paul, MN 55155-0001 POC: Ms. Gary Poser (651) 556-0612	4a. AWARD NUMBER H98210-12-1-0011 4b. AWARD DATE 28 December 2011	5a. FACE VALUE \$226,255.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358, a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 22 DEC 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

*** Applicant Organization Name:**

Office of the Minnesota Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Manager

Prefix:

*** First Name:** Claire

Middle Name:

*** Last Name:** Wilson

Suffix:

Title: Director of Voter Outreach

Organizational Affiliation:

Office of the Minnesota Secretary of State

*** Street1:** 180 State Office Building

Street2: 100 Rev. Dr. Martin Luther King Jr. Blvd.

*** City:** St. Paul

County:

*** State:** MN: Minnesota

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 55155-1232

*** Telephone Number:** 651-201-1339

Fax:

*** Email:** claire.wilson@state.mn.us

Key Contacts Form

* Applicant Organization Name:

Office of the Minnesota Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Jenny

Middle Name:

* Last Name: Kurz

Suffix:

Title: Fiscal & Administrative Services Supervisor

Organizational Affiliation:

Office of the Minnesota Secretary of State

* Street1: 60 Empire Drive, Suite 100

Street2:

* City: St. Paul

County:

* State: MN: Minnesota

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 55103-2141

* Telephone Number: 651-201-1368

Fax:

* Email: jenny.kurz@state.mn.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="180 State Office Building"/>
Street2:	<input type="text" value="100 Rev. Dr. Martin Luther King Jr. Blvd."/>
* City:	<input type="text" value="St. Paul"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="MN: Minnesota"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="55155-1232"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Beth"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Fraser"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="651-201-1334"/>	Fax Number: <input type="text"/>
---	----------------------------------

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Minnesota Proposal for On-Line FPCA and FWAB Wizard Improvements and Advances in Other Aspects of Election Absentee Systems for UOCAVA Voters

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="226,255.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="226,255.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Minnesota Proposal for On-Line FPCA and FWAB Wizard Improvements and Advances in Other Aspects of Election Absentee Syst	12.217	\$ 226,255.00	\$	\$	\$
2.					
3.					
4.					
5. Totals		\$ 226,255.00	\$	\$	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Minnesota Proposal for On-Line FFCA and FWAB Wizard Improvements and Advances in Other Aspects of Election Absentee Syst			
a. Personnel	\$ 17,272.00	\$	\$	\$
b. Fringe Benefits	4,650.00			
c. Travel	1,606.00			
d. Equipment				
e. Supplies				
f. Contractual	202,727.00			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	226,255.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 226,255.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	Minnesota Proposal for On-Line FPCA and FWAB Wizard Improvements and Advances in Other Aspects of Election Absentee Syst	\$ 0.00	\$ 0.00	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)		\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ 226,255.00	\$ 183,903.00	\$ 6,176.00	\$
14. Non-Federal	\$	0.00	0.00	
15. TOTAL (sum of lines 13 and 14)	\$ 226,255.00	\$ 183,903.00	\$ 6,176.00	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (Y		
		(b)First	(c) Second	(d) Thi
16.	Not Applicable	\$ 0.00	\$ 0.00	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	\$226,255	22. Indirect Charges:	0
23. Remarks:			

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

28 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0011

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. EAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0011.

(NAME)

(SIGNATURE)

(DATE)

18 October 2011

Via Email:
beth.fraser@state.mn.us

Ms. Beth Fraser
Director of Governmental Affairs
180 State Office Building
100 Rev. Dr Martin Luther King Blvd
St. Paul, MN 55155-1232

Dear Ms. Fraser:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 7, 2011 at 1:00pm EST. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Part II, Section I.A.5-Innovation of the BAA specifically states:
“Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”
Please clarify whether the electronic return of ballots via secure email research mentioned in Project 3 of the Technical Proposal will be used in an actual election.

2. The period of performance of this grant extends to September of 2012. Would it be possible to extend the period of the grant to 2016 in order for FVAP to receive data reports on the effectiveness of the proposed projects?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0011 with the Minnesota Secretary of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0004-000 (dated 08 November 2011) was received in the amount of **\$226,255.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 07 November 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. The effective date of award was changed to 28 December 2011, after the Recipient accepted the Data Point Collection Report Requirements on 19 December 2011.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 21 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 17,272.00	\$ -	\$ 17,272.00
Fringe Benefits	\$ 4,650.00	\$ -	\$ 4,650.00
Travel	\$ 1,606.00	\$ -	\$ 1,606.00
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 202,727.00	\$ -	\$ 202,727.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 226,255.00	\$ -	\$ 226,255.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 226,255.00	\$ -	\$ 226,255.00
Program Income	\$ -	\$ -	\$ -

Accepted Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ 17,272.00	7.63%
Fringe Benefits	\$ 4,650.00	2.06%
Travel	\$ 1,606.00	0.71%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 202,727.00	89.60%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 226,255.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 226,255.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "***Audits of States, Local Governments and Non-Profit Organizations***". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Twin Cities will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 05 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that H98210-12-1-0011 with the Minnesota Secretary of State in the amount of \$226,255.00 be approved in its final form.

DATE: 22 December 2011

(b) (6)

ROBERT J. LAVELLE
Grants Officer



FINANCIAL AUDIT DIVISION REPORT

Office of the Secretary of State
Internal Control and Compliance Audit
January 1, 2007, through March 31, 2009

August 27, 2009

Report 09-28

FINANCIAL AUDIT DIVISION

Centennial Building – Suite 140

658 Cedar Street – Saint Paul, MN 55155

Telephone: 651-296-4708 • Fax: 651-296-4712

E-mail: auditor@state.mn.us • Web site: <http://www.auditor.leg.state.mn.us>

Through Minnesota Relay: 1-800-627-3529 or 7-1-1



OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

August 27, 2009

Senator Ann H. Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

The Honorable Mark Ritchie
Secretary of State

This report presents the results of our internal control and compliance audit of the Office of the Secretary of State for the period January 1, 2007, through March 31, 2009.

We discussed the results of the audit with the Office of the Secretary of State's staff on July 30, 2009. The audit was conducted by Amy Jorgenson, CPA (Audit Manager) and Zach Yzermans, CPA (Auditor-in-Charge), assisted by auditors Sara Becker and Tyler Billig.

This report is intended for the information and use of the Legislative Audit Commission and the management of the Office of the Secretary of State. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 27, 2009.

We received the full cooperation of the Office of the Secretary of State's staff while performing this audit.

/s/ James R. Nobles

James R. Nobles
Legislative Auditor

/s/ Cecile M. Ferkul

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

Table of Contents

	<u>Page</u>
Report Summary	1
Office Overview.....	3
Objectives, Scope, and Methodology	4
Conclusions.....	5
Findings and Recommendations	7
1. The Office of the Secretary of State did not always approve employee overtime in advance	7
2. The Office of the Secretary of State did not adequately control access to its receipts subsystem	7
3. Prior Finding Partially Resolved: The Office of the Secretary of State did not pay some employee expense reimbursements in accordance with state travel policies	8
Comments About the Secretary of State’s Response.....	11
Office of the Secretary of State’s Response	13

Report Summary

Conclusions

The Office of the Secretary of State's internal controls were generally adequate to ensure that it safeguarded assets, produced reliable financial information, and complied with finance-related legal requirements. However, the office had some control weaknesses related to its receipt system access, overtime, and travel expenditures. For the items tested, the Office of the Secretary of State generally complied with finance-related legal requirements over its financial activities. However, we found some instances of noncompliance related to overtime and travel expenditures.

Findings

- The Office of the Secretary of State did not always approve employee overtime in advance. (Finding 1, page 7)
- The Office of the Secretary of State did not adequately control access to its receipts subsystem. (Finding 2, page 7)
- Prior Finding Partially Resolved: The Office of the Secretary of State did not pay some employee expense reimbursements in accordance with state travel policies. (Finding 3, page 8)

Audit Objectives and Scope

Objectives

- Internal Controls
- Legal Compliance

Period Audited

January 1, 2007, through March 31, 2009

Programs Audited

- Payroll Expenditures
 - Travel Expenditures
 - Administrative Expenditures
 - Selected Receipts
-

Office of the Secretary of State

Office Overview

Article V of the Constitution of the State of Minnesota established the Office of the Secretary of State, which operates under *Minnesota Statutes*, Chapter 5. The Secretary of State is elected for a four-year term. Mark Ritchie was the Secretary of State during our audit scope and began his term on January 2, 2007. The main functions of the office included administering elections and recording and preserving various business and government documents. The office operated a statewide computer network that connected counties and allowed access to databases containing business registrations and voter registration information.

The office received a General Fund appropriation to finance the majority of its activities. In addition, the office collected fees from customers who paid for on-line access to the computerized Uniform Commercial Code Network. The office also collected receipts for business filings, records processing, farm liens, and surcharges. It recorded these collections in the General Fund as nondedicated receipts.¹

¹ Nondedicated receipts revert to the General Fund and are not available to fund the office's operations.

Table 1 summarizes the office's financial activity for the period July 1, 2007, through June 30, 2008.

Table 1
Summary of Financial Activity
Fiscal Year 2008¹

<u>Sources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Miscellaneous Agency Fund</u>	<u>Gift Fund</u>
Operating Appropriations:				
Secretary of State	\$6,150,000	\$ 0	\$ 0	\$ 0
Real Estate Task Force	25,000	0	0	0
Transfers In:				
Technology Carry Forward	0	40,600	0	0
Help America Vote Act	0	1,368,667	0	0
Balance Forward In	0	5,835,173	100	0
Receipts	<u>2,600</u>	<u>2,815,552</u>	<u>(100)</u>	<u>102,900</u>
Total Sources	<u>\$6,177,600</u>	<u>\$10,059,992</u>	<u>\$ 0</u>	<u>\$102,900</u>
<u>Uses</u>				
Payroll	\$3,820,729	\$ 1,497,862	\$ 0	\$ 10,343
Other Administrative Costs	1,168,182	1,445,230	0	43,636
Rent	373,478	90,896	0	142
Travel	36,663	2,017	0	0
Other Uses – Balance Forward Out	426,502	6,007,366	0	48,779
Other Uses – Transfers Out	<u>352,046</u>	<u>1,016,621</u>	<u>0</u>	<u>0</u>
Total Uses	<u>\$6,177,600</u>	<u>\$10,059,992</u>	<u>\$ 0</u>	<u>\$102,900</u>

¹ Our audit scope was January 1, 2007, through March 31, 2009. This scope included the last half of fiscal year 2007, all of fiscal year 2008, and a portion of fiscal year 2009. This table presents activity from the only full fiscal year in our audit scope (2008).

Source: Minnesota Accounting and Procurement System.

Objectives, Scope, and Methodology

Our audit of the Office of the Secretary of State's payroll, travel, administrative expenditures, and selected receipts focused on the following audit objectives for the period of January 1, 2007, through March 31, 2009:

- Were the entity's internal controls adequate to ensure that it safeguarded its assets, complied with legal requirements, and produced reliable financial data?
- Did the entity comply with finance-related legal requirements?

- Did the entity conduct its financial operations in a prudent manner?
- Did the entity resolve prior audit findings?

To answer these questions, we gained an understanding of the office's financial policies and procedures. We considered the risk of errors in the accounting records and noncompliance with relevant legal requirements. We analyzed accounting data to identify unusual trends or significant changes in financial operations. We examined samples of transactions and evidence supporting the agency's internal controls and compliance with laws, regulations, policies, and contracts.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We used various criteria to evaluate internal control and compliance. We used as our criteria to evaluate agency controls the guidance contained in the *Internal Control-Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission.² We used state and federal laws, regulations, and contracts, as well as policies and procedures established by the departments of Management and Budget³ and Administration and the agency's internal policies and procedures as evaluation criteria over compliance.

Conclusions

The Office of the Secretary of State's internal controls were generally adequate to ensure that it safeguarded assets, produced reliable financial information, and complied with finance-related legal requirements. However, the office had some control weaknesses related to its receipt system access, overtime, and travel expenditures.

For the items tested, the Office of the Secretary of State generally complied with finance-related legal requirements over its financial activities. However, we found some instances of noncompliance related to overtime and travel expenditures.

² The Treadway Commission and its Committee of Sponsoring Organizations were established in 1985 by the major national associations of accountants. One of their primary tasks was to identify the components of internal control that organizations should have in place to prevent inappropriate financial activity. The resulting *Internal Control-Integrated Framework* is the accepted accounting and auditing standard for internal control design and assessment.

³ The Department of Management and Budget consists of the former departments of Finance and Employee Relations.

The office resolved four audit findings from the prior audit report related to receipts, payroll, and security access.⁴ The office partially resolved one travel finding related to internal control and compliance.

The following *Findings and Recommendations* provide further explanation about the exceptions noted above.

⁴ Office of the Legislative Auditor, Financial Audit Division Report 07-16, *Office of the Secretary of State*, issued July 13, 2007.

Findings and Recommendations

The Office of the Secretary of State did not always approve employee overtime in advance.

Finding 1

The office did not consistently document overtime requests and approvals for its employees. State policy requires advance approval for all nonemergency overtime to ensure the cost is justified and necessary.⁵ From January 1, 2007, through March 31, 2009, the office incurred overtime and compensatory time costs totaling about \$42,000.

A sample test of 13 overtime payments identified 12 payments (for 322 overtime hours totaling about \$9,600) where the office did not have adequate request or approval documentation to support the time paid.

Without a process in place to document special circumstances for overtime and provide management approval in advance, there is an increased risk that the office could incur unnecessary costs.

Recommendation

- *The office should require documentation of advance request and approval for employee overtime requests to ensure compliance with state policy.*

The Office of the Secretary of State did not adequately control access to its receipts subsystem.

Finding 2

The Office of the Secretary of State used a business receipts subsystem to supplement the information recorded on the state's accounting system. The office allowed 25 employees to have the ability to edit or modify client banking information contained in the subsystem; the office used this banking information to obtain receipts electronically. The office reviewed banking information changes each month, but an employee who also had the ability to modify this sensitive information was the person responsible for the review.

Limiting system access is an internal control designed to prevent or promptly detect errors or fraudulent activities. If it is not feasible to adequately limit access, compensating controls or an independent review should be implemented.

⁵ Department of Management and Budget Operating Policy and Procedure PAY0012.

Due to the significant receipt activity that takes place daily and the current development of a new receipt subsystem, which will have a focus on collecting more electronic transactions, it is important that the office thoroughly assess its risks and controls related to this area. State policy requires that business risks and internal controls be identified, analyzed, and documented.⁶

Recommendations

- *The office should ensure that it limits employee access to sensitive customer information or that independent reviews exist to monitor the activity.*
- *The office should assess the business risks and internal controls related to its receipts process.*

Finding 3

Prior Finding Partially Resolved:⁷ The Office of the Secretary of State did not pay some employee expense reimbursements in accordance with state travel policies.

The office did not always have adequate documentation to support mileage and other employee expense reimbursement claims. Other claims did not comply with collective bargaining units or other applicable agreements, rules, or regulations.⁸ During our audit scope, employee expense reimbursements totaled about \$45,000.

The office had the following weaknesses in the 19 employee expense reports we tested:

- On three expense reports, the office reimbursed employees \$84 for 160 ineligible miles. The office did not appropriately apply collective bargaining agreement rules about determining the amount of reimbursable mileage or paid for mileage that exceeded official mileage between travel points.
- The office did not comply with the state's policy requiring separate reporting of city-to-city trip miles and local mileage. Separating these mileage readings allows a supervisor to better judge the reasonableness of miles claimed.
- On four expense reports, the office reimbursed \$48 for meals in which the required time information was not recorded. According to state travel

⁶ Department of Management and Budget Policy 0102-01.

⁷ Office of the Legislative Auditor, Financial Audit Division Report 07-16, *Office of the Secretary of State*, issued July 13, 2007 (Finding 5).

⁸ Department of Management and Budget Operating Policy and Procedure PAY0021.

policy, the time of departure or arrival must be documented when claiming breakfast or dinner, respectively.

Recommendations

- *The office should require employees to support mileage claims with point-to-point measurements and to separately report trip and local miles on the expense reimbursement forms. Employees should also document departure and arrival times to ensure correct reimbursement for meals.*
 - *The office should seek reimbursement for the ineligible miles we noted. For those employees who claim large mileage amounts, the office should look for other instances of excessive mileage claims and seek reimbursement from those employees as well.*
-

Comments About the Secretary of State's Response

In the response that follows, Jim Gelbmann, Deputy Secretary of State, asserts that the Office of the Secretary of State received conflicting direction as it attempted to resolve a mileage reimbursement issue raised in OLA's 2007 audit of the office. Mr. Gelbmann suggests that Finding 3 is based on an interpretation of a state mileage reimbursement policy that is different from the interpretation provided to the office in 2007 by an employee of the Department of Employee Relations.

We acknowledge that some of the state's mileage reimbursement policies can be confusing, and we appreciate Mr. Gelbmann's diligence in trying to apply them correctly. To resolve Finding 3, we recommend the Office of the Secretary of State apply the standard articulated by the commissioner of Management and Budget in response to Mr. Gelbmann's recent inquiry. Commissioner Hanson said that while the policy in question did not specifically address mileage reimbursement claims that occur on weekends and holidays, "the more routine application of the [state's] reimbursement policy would be to reimburse an employee for the lesser of the two mileage calculations." Commissioner Hanson's statement is consistent with OLA's understanding and was the basis for the mileage reimbursement issue raised in Finding 3.

Finally, we want to clarify that OLA did not audit, as Mr. Gelbmann suggests, the methodology used by the Office of the Secretary of State in 2007 to seek a repayment of mileage reimbursement overpayments made to former Secretary of State Kiffmeyer. During our recent audit, we confirmed that the office sought and obtained a repayment from Ms. Kiffmeyer. We later learned from Mr. Gelbmann that the amount of the repayment was calculated based on the advice the office received in 2007 from an employee in the Department of Employee Relations, which was incorrect. However, given the time frame of this audit, misinformation from the Department of Employee Relations about the standard that should be used, and the fact that Ms. Kiffmeyer made a substantial repayment, we did not recommend a recalculation of the amount Ms. Kiffmeyer should have repaid. However, the absence of a recommendation from OLA does not preclude the Office of the Secretary of State from taking that action if it chooses.



STATE OF MINNESOTA
Office of Minnesota Secretary of State
Mark Ritchie

August 18, 2009

Mr. James R Nobles
Legislative Auditor
Office of the Legislative Auditor
140 Centennial Building
658 Cedar Street
Saint Paul, Minnesota 55155

Dear Auditor Nobles:

On behalf of the staff of the Office of the Secretary of State, I want to thank you and the members of your staff who recently completed an audit of this office's internal controls and compliance with state laws, rules, regulations and policies, as well as an audit of this office's compliance with its own policies and procedures. Auditors Amy Jorgenson, Zach Yzermans, Sara Becker and Tyler Billig demonstrated a high degree of professionalism and respect for our employees and our mission. This audit was complicated by the mandatory U.S. Senate recount, both relative to one finding and relative to the level of activity created by the recount while the audit fieldwork was in progress.

This office is pleased that your report concludes, "the Office of the Secretary of State's internal controls were generally adequate to ensure that it safeguarded assets, produced reliable financial information, and complied with finance-related legal requirements." Much of the credit for this overall assessment goes to Finance Director Kathy Hjelm and Fiscal Services Accounting Supervisor Jenny Kurz in this office. These individuals have over 40 years of combined experience maintaining the Secretary of State's internal controls and compliance with all applicable laws, rules, procedures and policies.

Despite the hard work and dedication of Ms. Hjelm and Ms. Kurz, this office recognizes the implications of the three findings contained in your Report. This office is already in the process of addressing your findings. Internal policies have been established to address some areas your audit states need improvement. In addition, staff have been instructed on proper procedures to address several of the errors that resulted in these findings.

Finding Number One

The Office of the Secretary of State did not always approve employee overtime in advance.

Recommendation

The office should require documentation of advance request and approval for employee overtime requests to ensure compliance with state policy.

Response

The Office of the Secretary of State has already revised its internal policy to better control overtime expenses. The policy, which requires the advance written approval of the Deputy Secretary of State, goes beyond the requirements of state policy, which would allow office managers to approve these requests. However, given the fiscal situation facing the state, we believe this extra layer of review and approval will help reduce the need for overtime expenditures. **This new overtime approval policy is already in place.**

The past year has been unique for the office. Prior to November 4, 2008, this office had relatively small amounts of overtime. In all cases, the overtime incurred was requested prior to its actual use either orally or in writing and approved by the employee's immediate supervisor or manager.

During the Senate recount, a unique situation occurred. Due to the volume of work needed to be done, our MAPE election staff often found themselves staying late into the evening. Under normal circumstances, additional hours are considered part of the job under the MAPE contract. However, the frequency of oral requests for overtime became an issue. When it was brought to my attention, I established a temporary compensatory time policy similar to the one used by the Minnesota House of Representatives during legislative sessions. This office's temporary policy stated that during any two-week pay period, the first four hours of overtime do not count toward an employee's comp time bank. Any overtime hours worked in addition to the first four would be compensated with 40 minutes of comp time for every overtime hour worked. This temporary policy helped improve employee morale during a time of high stress. **These changes have already been made.**

The persons responsible for continued resolution of this issue are Jenny Kurz and me.

Finding Number Two

The Office of the Secretary of State did not adequately control access to its receipts subsystem.

Recommendation

The office should ensure that it limits employee access to sensitive customer information or that independent reviews exist to monitor activity.

Response

The office established an independent review of the monthly Client Maintenance Log, which contains all client maintenance edits. The Business Center Manager now receives a monthly Client Maintenance Log, which is reviewed and approved via e-mail. In addition, any IT related ACH payment edits in the client maintenance application will be reviewed by the QA/Production Support Supervisor, or in his absence, the CIO (Chief Information Officer.) The QA/Production Support Supervisor along with the Business Center supervisors will continually monitor staff having access to the Client Maintenance application and make necessary changes. **These changes have already been made.**

This office's current Profile system is intertwined with various other functions, which include payment edits; therefore, several staff require access to the Client Maintenance application in order to perform other functions of their job such as submitting batch entries and scanning individual filings. This office is currently re-writing the Profile system; therefore, we are breaking out the various functionalities in particular where payment edits are involved. This change will allow us to further limit the number of staff who have access to ACH payment edits.

The persons responsible for continued resolution of this issue are Kathy Hjelm and Jenny Kurz.

Recommendation

The office should assess the business risks and internal controls related to its receipts process.

Response

The office is conducting a risk assessment for the receipts process as well as other financial related items in the agency. In conjunction with the assessment, the office is compiling a Financial Risk Assessment Document that will include internal controls related to the receipts process. **This risk assessment will be completed by October 31, 2009.**

The persons responsible for resolution of this issue are Kathy Hjelm and Jenny Kurz.

Finding Number Three

Prior Finding Partially Resolved: The Office of the Secretary of State did not pay some employee expense reimbursements in accordance with state travel policies.

Recommendation

The office should require employees to support mileage claims with point-to-point measurements and to separately report trip and local miles on the expense reimbursement forms. Employees should also document departure and arrival times to ensure correct reimbursement for meals.

Response

The office recognizes that several employees need to be better trained in state policies related to travel reimbursement. While this office is working to correct inadvertent errors made by staff, we believe further clarification is warranted relative to the state travel reimbursement policy that contributed to this finding.

On July 10, 2007, while working on a response to your previous audit, Heidi Hartwig, our Human Resources Director, was advised by the Department of Employee Relations that an employee should consider their home as their temporary work location on weekends and holidays, and calculate any weekend and holiday mileage for state business from their home. This is the standard that was used to recover excess mileage expenses from former Secretary Kiffmeyer, the individual cited in your 2007 audit. Due to the advice our office received from the Department of Employee Relations, no excess mileage reimbursements were recovered for travel by former Secretary Kiffmeyer when the travel occurred on weekends and holidays.

Our office continued to use the advice we received from the Department of Employee Relations for calculating weekend and holiday mileage for managerial employees during the current administration. Unfortunately, several of the examples of excess mileage reimbursements referenced in your Report occurred on weekends (11-17-2007, 3-2-2008 and 10-19-2008). Your Report alleges the miles for these trips should have been calculated from the Office of the Secretary of State, not from the employee's home.

This interpretation is contrary to what our office was told by the Department of Employee Relations. It is also contrary to the methodology used to determine Secretary Kiffmeyer's reimbursement; a methodology that we believe was audited by your office. While completing field work for the 2009 audit, your auditors reviewed the reimbursement amount collected from former Secretary Kiffmeyer when reviewing documentation on our follow-up to your 2007 audit findings.

I have discussed our concerns relative to weekend mileage with individuals within Minnesota Management and Budget and your auditors, Amy Jorgenson and Zach Yzermans. Mr. Yzermans suggested I seek written clarification from Minnesota Management and Budget. The following is the response I received from Chad Thuet, Assistant State Negotiator/Compensation Manager at Minnesota Management and Budget:

Hi Jim,

Thank you for your email. Unfortunately, neither my colleagues nor I can recall giving clarification on mileage reimbursements for weekends or holidays. That does not mean that it didn't happen, just that we couldn't find anything in writing or otherwise to confirm having given clarification on the matter. You have asked me for something in writing regarding the eligibility for mileage reimbursement from home to attend a work event on a day they weren't otherwise expected to be in the office.

Auditor James R. Nobles
August 18, 2009
Page Five

I think that from a reasonableness standard, and in recognizing that the Managerial Plan does not take into account the uncommon circumstance in which an employee may have to attend an event on a day they wouldn't otherwise drive their normal commute, it would be reasonable for an employer to reimburse an employee's mileage expenses from home to the work event or activity if the event occurred on a day they wouldn't otherwise drive their normal commute, and when the employee has been authorized or directed to attend on behalf of their employer (in other words, the employer benefits directly from having the employee attend the event or activity).

I hope this helps.

Chad

Chad N. Thuet
Assistant State Negotiator/Compensation Manager
Human Resource Management Unit
Minnesota Management & Budget (MMB)

Yesterday, Commissioner Hanson followed up with another e-mail on this topic:

Jim,

We've reviewed the information that you provided regarding the potential audit finding on mileage reimbursement. Current staff do not have any recollection of discussing this issue with Heidi Hartwig, and it appears that the conversation may have been with a staff member who has since left the agency.

As Chad Thuet noted in his e-mail to you, the manager's plan does not specifically address reimbursement for mileage on a weekend or holiday. Although the more routine application of the reimbursement policy would be to reimburse an employee for the lesser of the two mileage calculations, it is possible that the Secretary's office received different advice from our agency's former employee, and then acted on that advice in good faith.

Discussions with staff in the various MMB divisions involved in administration of travel reimbursement suggest that clarification is needed on this point and we will do so at our next opportunity.

Tom Hanson | Commissioner
Minnesota Management & Budget (MMB)

Auditor James R. Nobles
August 18, 2009
Page Six

Although Auditor Amy Jorgenson questions whether the Department of Employee Relations was the appropriate Department to contact in July, 2007, for advice on mileage reimbursements, the individual at the Department did not correct Ms. Hartwig, nor did she decline to offer her advice. Ms. Hartwig further notes that the Department of Employee Relations has routinely provided training on mileage reimbursement procedures.

This office agrees that its employees can always benefit from additional training on state policies relating to expense reimbursements. While our Office believes the audit finding relative to weekend travel was the direct result of our Office acting in good faith on advice from the Department of Employee Relations, we will go back and re-calculate all mileage using the new weekend and holiday formula that you recommend. We further agree with Commissioner Hanson that this state policy needs clarification and hope that this can be accomplished soon to avoid future disputes and the high cost of continued confusion among agencies.

All managers will be required to provide additional training to all staff relative to expense and mileage reimbursement procedures. This training will include review of all state and office policies regarding the accurate accounting for mileage, the inclusion of all stops made during travel (including the number of miles between each stop), and the accurate reporting of departure and arrival times to ensure correct reimbursement for meals. **This training will be completed by September 30, 2009. Fiscal staff will also be more watchful for inadvertent errors made on expense reimbursement forms.**

The persons responsible for resolution of this issue are Beth Fraser, Ted Lautzenheiser, Kathy Hjelm, Gary Poser, Jenny Kurz and me.

Recommendation

The office should seek reimbursement for the ineligible miles we noted. For those employees who claim large mileage amounts, the office should look for other instances of excessive mileage claims and seek reimbursement from those employees as well.

Response

Fiscal staff will review all expense reimbursements dating back to January 1, 2007 and will request reimbursement for any excess mileage claimed. **This task will be completed by September 18, 2009.**

The persons responsible for resolution of this issue will be Jenny Kurz (primary responsibility) and me.

My best regards.

Sincerely,

/s/ Jim Gelbmann

Jim Gelbmann
Deputy Secretary of State



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 03/01/2013.

DUNS: 361857998

DUNS PLUS4:

CAGE/NCAGE: 4A4S6

Legal Business Name: STATE, NEW JERSEY DEPARTMENT OF
Doing Business As (DBA): COMMERCIAL RECORDING

Division Name:

Division Number:

Company URL:

Physical Street Address 1: CN 308

Physical Street Address 2:

Physical City: TRENTON

Physical State: NJ

Physical Foreign Province:

Physical Zip/Postal Code: 08625-0308

Physical Country: USA

Mailing Name: STATE OF NJ/DEPT OF STATE

Mailing Street Address 1: 225 WEST STATE STREET

Mailing Street Address 2:

Mailing City: TRENTON

Mailing State: NJ

Mailing Foreign Province:

Mailing Zip/Postal Code: 08625-0459

Mailing Country: USA

Business Start Date: 07/01/1930

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

VW - Contracts and Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

**Construction Bonding
Level, Per Contract
(dollars):**

**Construction Bonding
Level, Aggregate
(dollars):**

**Service Bonding Level,
Per Contract (dollars):**

**Service Bonding Level,
Aggregate (dollars):**

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

561110 - Office Administrative Services

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
561110	Office Administrative Services	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: ERIC ANDERSON

Address Line 1: 225 WEST STATE ST

Address Line 2:

City: TRENTON

State: NJ

Government Business Alternate POC

Name: ERIC CARLSSON

Address Line 1: 225 WEST STATE ST

Address Line 2:

City: TRENTON

State: NJ

Foreign Province:**Zip/Postal Code:** 08625-0459**Country:** USA**U.S. Phone:** 609-341-2741**Non-U.S. Phone:****Fax:** 609-292-9897**Past Performance Primary POC****Name:****Address Line 1:****Address Line 2:****City:****State:****Foreign Province:****Zip/Postal Code:****Country:****U.S. Phone:****Non-U.S. Phone:****Fax:****Foreign Province:****Zip/Postal Code:** 08625-0459**Country:** USA**U.S. Phone:** 609-943-4988**Non-U.S. Phone:****Fax:** 609-292-9897**Past Performance Alternate POC****Name:****Address Line 1:****Address Line 2:****City:****State:****Foreign Province:****Zip/Postal Code:****Country:****U.S. Phone:****Non-U.S. Phone:****Fax:****Electronic Business Primary POC****Name:** ERIC CARLSSON**Address Line 1:** 225 WEST STATE ST**Address Line 2:****City:** TRENTON**State:** NJ**Foreign Province:****Zip/Postal Code:** 08625-0459**Country:** USA**U.S. Phone:** 609-943-4988**Non-U.S. Phone:****Fax:** 609-292-9897**Electronic Business Alternate POC****Name:** BILL SCHAUM**Address Line 1:** 225 WEST STATE ST**Address Line 2:****City:** TRENTON**State:** NJ**Foreign Province:****Zip/Postal Code:** 08625-0459**Country:** USA**U.S. Phone:** 609-943-4993**Non-U.S. Phone:****Fax:** 609-292-9897



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Philadelphia 700 Robbins Avenue, Bldg 4-A Philadelphia, PA 19111-0427		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT New Jersey Department of State 225 West State Street Trenton, NJ 08625-0459 POC: Mr. Robert Giles (609) 292-3760	4a. AWARD NUMBER H98210-12-1-0010	5a. FACE VALUE \$802,845.00	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 21 December 2011	6. INSTRUMENT TYPE Grant	

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 19 DEC 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

State of New Jersey, Department of State, Division Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix: Mr.

* First Name: Michael

Middle Name:

* Last Name: DiSimoni

Suffix:

Title: Deputy Director

Organizational Affiliation:

Division of Elections

* Street1: 225 West State Street

Street2:

* City: Trenton

County:

* State: NJ: New Jersey

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 08625-0304

* Telephone Number: 609-292-3760

Fax:

609-777-1280

* Email: Michael.DiSimoni@sos.state.nj.us

Key Contacts Form

* Applicant Organization Name:

State of New Jersey, Department of State, Division Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix: Mr.

* First Name: Eric

Middle Name:

* Last Name: Carlsson

Suffix:

Title: Budget & Monitoring

Organizational Affiliation:

NJ Department of State

* Street1: 225 West State Street

Street2:

* City: Trenton

County:

* State: NJ: New Jersey

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 08625-0300

* Telephone Number: 609-943-4988

Fax:

609-292-9897

* Email: Eric.Carlsson@sos.state.nj.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/12/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="225 West State Street"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Trenton"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="NJ: New Jersey"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="08625-0304"/>

e. Organizational Unit:

Department Name: <input type="text" value="Department of State"/>	Division Name: <input type="text" value="Elections"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Robert"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Giles"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="609-292-3760"/>	Fax Number: <input type="text" value="609-777-1280"/>
--	--

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Technical Proposal: NJ SVRS Enhancements to improve service to UOCAVA Voters

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="802,845.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="802,845.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. EASE Grant	12.217	\$ 802,845.00	\$	\$	\$
2.					
3.					
4.					
5. Totals		\$ 802,845.00	\$	\$	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	EASE Grant			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual	802,845.00			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	802,845.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="802,845.00"/>	\$ <input type="text" value="600,000.00"/>	\$ <input type="text" value="202,845.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="802,845.00"/>	\$ <input type="text" value="600,000.00"/>	\$ <input type="text" value="202,845.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. EASE Grant	\$ <input type="text" value="802,845.00"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="802,845.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

21 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0010

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE

Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0010.

(NAME)

(SIGNATURE)

(DATE)

18 October 2011

Via Email:
robert.giles@sos.state.nj.us

Mr. Robert Giles
Director
Department of State, Elections Division
Trenton, NJ 08625-0304

Dear Mr. Giles:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 4, 2011 at 1:00pm (EDT). The conference call number is 703-695-4042 pc: 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. On the SF 424_2_1V2 states that the requested amount for this grant is \$802,845.00. The budget summary indicates that the total funds requested total \$502,845.00. Please clarify the total amount of funding requested for this proposed project.
2. Part II, Section I.A.5-Innovation of the BAA specifically states:
3. "Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections." Does any portion of your proposal fund the electronic transmission of marked ballots in a live election?

4. Phase 2: Auto Duplication of Returned Ballot appears to be the bulk of the costs for your proposal. Can you please provide further detail about this process? Your proposal indicated no specific details concerning how you will accomplish the auto duplication of returned ballots. Since submission of your proposal, have you developed a plan of action for this capability?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0010 with the New Jersey Department of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0003-000 (dated 08 November 2011) was received in the amount of **\$802,845.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP's Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient's Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government's discussion issues.

TAB A9 – The Recipient was provided the Government's issues in advance of the discussion session. Discussions were held via telephone conference call on 04 November 2011. FVAP raised several issues with regard to the Recipient's Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 21 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative Grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 29 November 2011 the Recipient accepted the terms and conditions of the Data Reporting Requirements; during the period of 29 November through 12 December 2011, the Recipient submitted its revised technical proposal and all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 802,845.00	\$ -	\$ 802,845.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 802,845.00	\$ -	\$ 802,845.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 802,845.00	\$ -	\$ 802,845.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASSIFICATION	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 802,845.00	100.00%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 802,845.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 802,845.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Philadelphia will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 23 February 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0010** with the New Jersey Department of State in the amount of **\$802,845.00** be approved in its final form.

DATE: **19 December 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer

New Jersey Congressional Districts participating in 2011 FVAP EASE Grant:

NJ-001

NJ-002

NJ-003

NJ-004

NJ-005

NJ-005

NJ-006

NJ-007

NJ-008

NJ-009

NJ-010

NJ-011

NJ-012



Electronic Ballot Mechanism for the UOCAVA Voters

NJ SVRS Budgetary Review and Estimate

Version 4.0

Date: July 05, 2011

Table of Contents

1	Revision History	4
2	Document Background.....	5
3	Summary of the Proposed Solution at a high-level	6
4	Assumptions and Risks	7
4.1	Assumptions.....	7
4.2	Risks	7
5	Electronic Delivery of the Ballots	8
6	Electronic Delivery Mechanism	9
6.1	Upload and Associate Ballot to District	9
6.1.1	Maintain UOCAVA Ballot.....	9
6.1.2	Upload Ballot.....	10
6.1.3	Associate uploaded ballot to the MWD	11
6.1.4	Confirm Ballot PDF and District Association	12
7	Identifying Eligible UOCAVA Voters	13
8	Generate an E-mail Sheet and the County Committee Letter Individually from the "Mail-In Ballot Request" screen.....	15
9	Process an e-mail sheet and the election correspondence from the Reminders screen	17
9.1	Change the Mail Date logic.....	18
10	Electronic Ballot Mechanism Process	19
11	Reply - TO and FROM address in the Electronic Transmission Sheet.....	20
12	Audit Trail.....	21
13	Ballot Report Mechanism	22
13.1	Electronic Delivery of the Ballot/UOCAVA Voters Report	22
13.2	Electronic Delivery of the Ballot/UOCAVA Voters Output Report	23
14	UOCAVA Enhancement Tickets	24
14.1	NJP-9502– Displaying e-mail address of the UOCAVA voters	24
14.2	NJP-9219– New sort option on Mail-In Ballot Summary report.....	24
14.3	NJP-8670/9795/8062– New UOCAVA Email/Fax Report.....	24
14.4	NJP-7880- Adding email ID in Mail-In Ballot Request Screen	24
14.5	NJP-7092 – Classification of FWAB and setting the expiration date	24
14.6	NJP-7003 – Adding a new voter status 'Inactive Federal Election'	24

14.7 NJP-6652- Fax absentee labels should have a reference on the label that it's a fax..... 24

14.8 NJP-6222- Including OTC checkbox in the Mail-In ballot request 25

14.9 NJP-5116- Sorting ballot labels in 2 ways..... 25

14.10 NJP-7844- Changing Type of Mail-In ballot from Update/Maintain screen..... 25

14.11 NJP-6351- New button for Overseas Civilians that are not Federal Election Only..... 25

14.12 NJP-9336 – Grand Totals 25

15 Project Cost 25

16 Appendix..... 27

1 Revision History

Date	Version	Description	Owner
06/05/2011	1.0	Initial Draft	Kamlesh Nair
06/07/2011	2.0	Updated the e-mail notification section	Kamlesh Nair
06/21/2011	3.0	Incorporated the UOCAVA Enhancement Tickets	Kamlesh Nair
07/05/2011	4.0	Incorporated the Batch processing feature	Kamlesh Nair

2 Document Background

New Jersey Department of State, Elections Division has requested HP State & Local Enterprise Services to review the pending legislation regarding the introduction of electronic delivery of ballots to the registered UOCAVA Voters in New Jersey, (FVAP Notice Grant) and provide a budgetary estimate to implement the enhancements mandated by legislation as it pertains to the Statewide Voter Registration System (SVRS).

This document has been compiled based on certain risks and assumptions which are outlined below and contains functionality updates to the SVRS. The proposed updates are subject to change as a result of the final legislation should it pass. This document provides a high-level estimate and does not constitute a pricing guarantee from HP. HP will work with the Elections Division upon final passage to review all the requirements and address risks and assumptions from the legislation to compile a final change request.

© 2011 HP State & Local Enterprise Services

All rights reserved. No parts of this work may be reproduced in any form or by any means without the written permission of HP.

Products that are referred to in this document may be either trademarks and/or registered trademarks of the respective owners. HP makes no claim to these trademarks.

While every precaution has been taken in the preparation of this document, HP assumes no responsibility for errors or omissions, or for damages resulting from the use of information contained in this document or from the use of programs and source code that may accompany it. In no event shall HP be liable for any loss of profit or any other commercial damage caused or alleged to have been caused directly or indirectly by this document.

3 Summary of the Proposed Solution at a high-level

1. An interface will be provided for county users to upload and associate the ballots to the specific Municipality, Ward, and District.
2. The county user will need to generate the e-mail sheet individually for the UOCAVA voters.
3. While generating the e-mail sheet, the application will check to see if the voter is a UOCAVA voter and/or County Committee member.
4. If the voter is a UOCAVA voter only, the system will generate only the e-mail sheet. If the voter is a UOCAVA voter and a County Committee member, the system will generate both an e-mail sheet and the County Committee Letter.
5. The e-mail sheet and the County Committee Letter will be generated dynamically and the Electronic Ballot Mechanism will attach a copy of each one of these to the ballot that was uploaded and linked to the district that the voter is residing in. It will be ONE attachment.
6. A screen will be provided with a provision for the users to be able to review and send the e-mail with the attachment.
7. If the user wishes to review the attachment, then the system will provide a copy of the attachment for review purposes.
8. If the user does not wish to review the attachment, then the attachment will be forwarded to the recipient by a click of a button.
9. We will also introduce an enhancement in the "Reminders Module" screen that will allow users to process election correspondence for UOCAVA voters in a batch process. The enhancement will be used for voters with an e-mail sheet that was generated before the ballot was created and uploaded into the SVRS. While processing the voters from the reminders module, the system will dynamically attach the County Committee Letter, e-mail sheet and the ballot that was uploaded and linked to the district that the voter is residing in. It will be ONE attachment. *Note: This solution will be furnished as an offline process. A scheduled back-end thread will be implemented to execute that batch at night.*
10. The State will provide HPES with the content for the body of the e-mail along with the verbiage in the County Committee Letter in the near future.
11. E-mail Notification: E-mail Return Receipt Service will also be added to identify when the e-mail message was successfully delivered to the voters email server.
12. The users will be able to capture the audit trail for the election correspondence that will be sent to the UOCAVA voters using the Electronic Ballot Mechanism.
13. A new report will be implemented in the Reports module that will allow the counties to print a list of recipients that were sent a ballot via e-mail.

4 Assumptions and Risks

4.1 Assumptions

1. All the screens in this document will be implemented by HP Enterprise Services (HPES) and incorporated in the SVRS.
2. The County Clerk's Office will take the responsibility of uploading and linking the ballots to the correct MWD.
3. The PDF copies of the ballot for every ward/district that will be uploaded will be stored in the SVRS database. These ballots will be used for the electronic e-mail distribution mechanism.
4. The SVRS will not validate the voter e-mail address other than to confirm the format is valid (text@text.extension).
5. The sender's e-mail address will be provided to HPES by the State. This information will be provided through the County Data screen currently maintained within the SVRS by the respective County offices.
6. The State will specify all letters and correspondence that can be sent via e-mail and all letters and correspondence that cannot be sent via e-mail.
7. The State will provide us with a copy of the County Committee Letter in the near future, as this will need to be dynamically populated with the embedded voter information.
8. An extended storage allocation will be needed in the State Server for the purpose to store and retrieve the copies of the e-mail sheet, County Committee Letter, and the ballots. These images will be used later in the time for the batch processing and for the audit trail.

4.2 Risks

1. Undelivered e-mails will be forwarded to the applicable Election's office inbox. Inbox capacity may have to be increased to account for a large number of undeliverable e-mails
2. It is the voter's responsibility to update the county officials with a new e-mail address if the e-mail address has changed

5 Electronic Delivery of the Ballots

The State is requesting updates to the SVRS to incorporate the Electronic Delivery of Ballots, Mail-In e-mail sheet, the County Committee Letter (County Committee members), and election related correspondence as a result of the law, as proposed under FVAP Notice Grant (see appendix).

Currently, the SVRS is not equipped with the functionality to automatically populate UOCAVA voters that have an e-mail address and forward the election related correspondence via electronic means either in the batch or individually. With this proposed solution the county users will be able to forward the election related correspondence to the qualified voters electronically with a few clicks of a button.

6 Electronic Delivery Mechanism

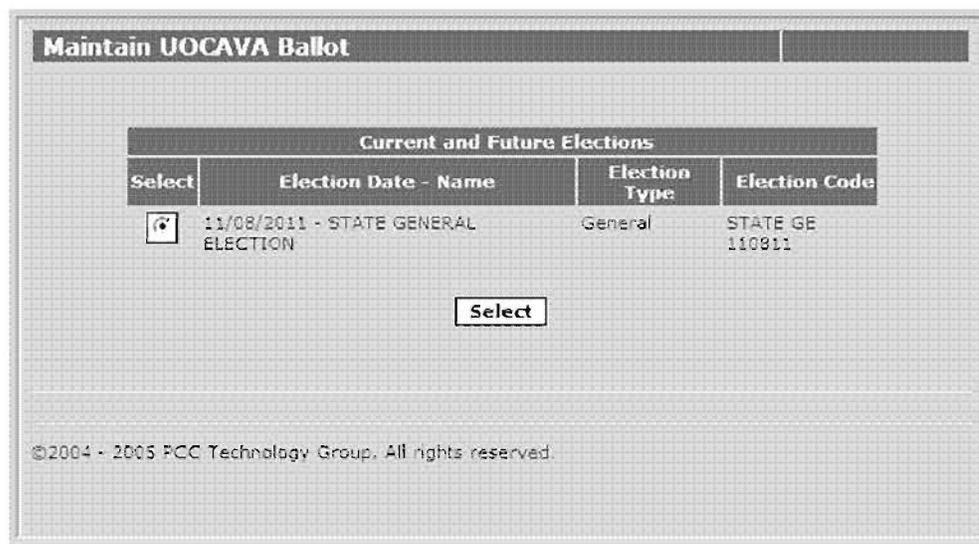
6.1 Upload and Associate Ballot to District

This new mechanism will allow the county clerk's office the ability to upload and associate each district's ballot PDF to the counties MWD. These associations will be utilized in the electronic delivery outlined in the subsequent section below.

6.1.1 Maintain UOCAVA Ballot

This feature will allow the County Clerk's Office Administrator the ability to associate the UOCAVA Ballots to the election.

1. Navigation: Activities -> Mail-In Voter -> Maintain UOCAVA Ballot



Current and Future Elections			
Select	Election Date - Name	Election Type	Election Code
<input type="checkbox"/>	11/08/2011 - STATE GENERAL ELECTION	General	STATE GE 110911

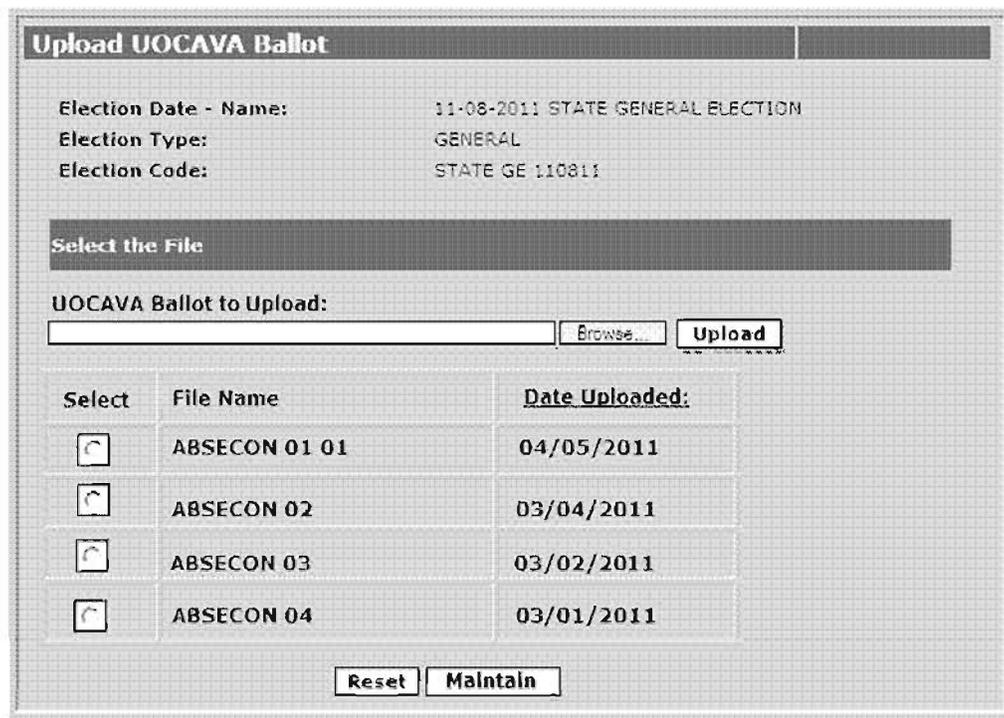
©2004 - 2005 PCC Technology Group. All rights reserved.

2. The elections on this screen will be populated and driven from the elections module.
3. Only the future elections will be shown on this screen.
4. Click on the radio button next to the election and click on the "Select" button.
5. The "Upload Ballot" module screen will appear.

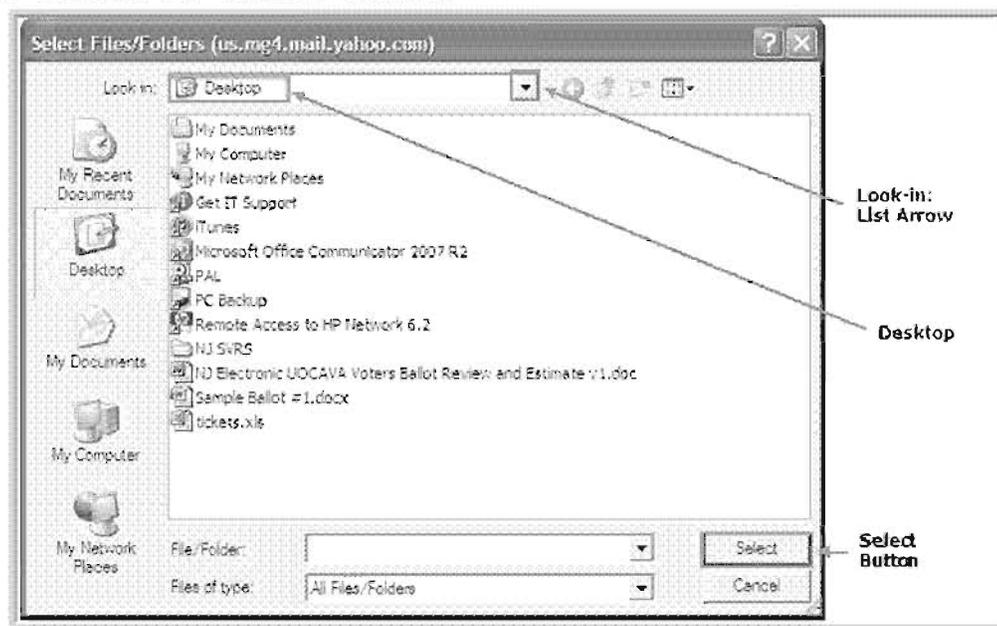
6.1.2 Upload Ballot

This feature will allow the County Clerk's Office Administrator the ability to browse the ballot and upload it to the SVRS application.

1. Navigation: Activities -> Mail-In Voter -> Associate Ballot to the District



2. Only the County Clark's Office Admin should have access to this link initially.
3. Click on the "Browse" button.



4. The "My Computer" dialog box will appear. Click the "Look in:" list arrow and click on the area where the file(s) to be uploaded are located. For example, if you want to attach files from your Desktop, you would click Desktop and click the "Select" button.
5. The name of the file appears in the "Ballot to Upload" field. Click the "Upload" button to attach the file.
6. The uploaded ballots will appear in the "Associate Ballot to the District" screen.

6.1.3 Associate uploaded ballot to the MWD

Once the ballots are successfully uploaded the users can then associate each district's ballot PDF to the counties MWD.

1. Navigation: Activities -> Mail-In Voter -> Associate the uploaded ballots to the MWD

Associated uploaded Ballots to the MWD

Election Date: **11-08-2011 STATE GENERAL ELECTION**

Select the File

UOCAVA Ballot to Upload:

Select	File Name	Date Uploaded
<input type="checkbox"/>	ABSECON 01 01	04/05/2011
<input type="checkbox"/>	ABSECON 02	03/04/2011
<input type="checkbox"/>	ABSECON 03	03/02/2011
<input type="checkbox"/>	ABSECON 04	03/01/2011

Generate for Ward Districts
 Generate for Voting Districts

Voting District Type: **Municipality**

Congressional
 Legislative
 Freeloader
 School
 Regional School
 Fire

Municipality: **ABSECON**
 Ward:
 District:

Select	Ballot Name	MWD
<input type="checkbox"/>	ABSECON 01 01	ABSECON 01 01
<input type="checkbox"/>	ABSECON 02	ABSECON 02

2. The uploaded ballots will be populated on the left of the screen as shown above.
3. Click on the "Generate for Ward Districts", to enable the Municipality, Ward, and District multi selection boxes
4. Click on the "Generate for Voting Districts", to enable the Voting Districts fields
5. To associate a ballot to a Voting District or to a MWD:
 - a. Select a ballot from the left of the screen
 - b. Select either the Congressional or the MWD from the right of the screen
 - c. Click on the "Add" button to associate the ballot to the MWD
 - d. The ballots that have been associated to the MWD will be shown in the left of the screen confirming the association process

6.1.4 Confirm Ballot PDF and District Association

1. The PDF file name will be a clickable link providing the feature for the users to be able to open the PDF for viewing and validation.
2. This screen will also provide the ability to "Delete" and update the PDF associated to the district should the ballot PDF association need to be modified.

7 Identifying Eligible UOCAVA Voters

Currently the system provides the functionality for the users to add a UOCAVA voter and tag them to receive election correspondence via e-mail. However, this is a manual process and the user will need to send an e-mail to the voter with the election correspondence.

UOCAVA Voters who qualify to receive election correspondence via e-mail must meet the following requirements:

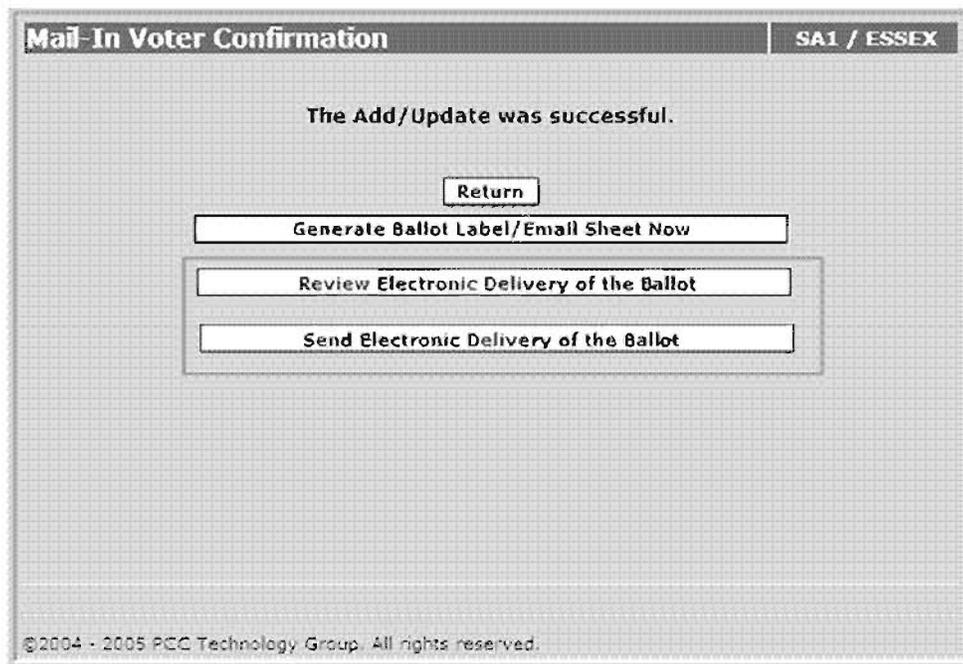
1. Be entered into the Mail-In Module as a UOCAVA Voter
2. The "Type of Mail-In Ballot" must be flagged as e-mail in the Mail-In Application

Add Mail-In Ballot Request-AGE/UOCAVA/Annual Mail-In - All Elections					SA1 / ESSEX	
Select Ballot Request Type:						
<input checked="" type="checkbox"/> UOCAVA - All Elections for Calendar Year <input type="checkbox"/> UOCAVA - Federal General Elections Only <input type="checkbox"/> Annual Mail-In - All Elections <input type="checkbox"/> All General Elections						
Name	Date Of Birth	Voter ID	Party	Party Privilege Date	Voter Status	
BATTIE BANKARAN	10/04/1985	150240364	Democratic	05/03/2008		
Residence Address				Display Poll Number		
Street No:	415	Address Line 2:				
Suff A:		Address Line 3:				
Suff B:		Municipality:		NEWARK		
Street Name:	ROSEVILLE AVE	Postal Municipality:				
Apt/Unit:		State:		NJ		
		Zip Code:		07102		
Mailing Address:						
VR Mailing Address Start Date			VR Mailing Address End Date			
Municipality	Ward	District				
NEWARK	10	28				
Congressional Legislative Fire						
13 29						
Request Type		<input type="checkbox"/> OTC Ballot Label		Receive Date	Process Date	
Email				05 / 15 / 2011	05 / 15 / 2011	
Application Status	Cancelled/Reject Reason		Pending Reason	Other Status Reason		
Accepted	Application Not Signed Application Received after Deadline Change Date after 60 Day Deadline DOB is Address Required					
Other Rejection Reason						
English		Spanish				
Type of Mail-In Ballot						
Military Email (MILEM)				Memo		
Ballot Mailing Address:						
<input type="checkbox"/> Use Residence Address Free Form Address						
<input type="checkbox"/> Mail Address Your Free Form Address						
<input type="checkbox"/> Other						
<input checked="" type="checkbox"/> Free Form Address						
Street No.	Suffix A	Suffix B	Street Name	Apt/Unit No.		
Address Line 2		Address Line 3				
Municipality		State	Zip Code	Foreign Zip		
Country		Fax	Email			
			John.Doe@gmail.com			
Authorized Messenger Information:						
Select	Family Member	Save Messenger Information	Election Date -- Name			
Street No.	Suffix A	Suffix B	Street Name	Apt/Unit No.		
Address Line 2		Address Line 3				
Municipality		State	Zip Code	Display Signature		
Letter Contact Information:						
Contact Number						
<input type="button" value="Save"/> <input type="button" value="Reset"/> <input type="button" value="Previous"/> <input type="button" value="New Entry"/>						
<input type="button" value="Print Application Label"/>		<input type="button" value="Print Process Label"/>		<input type="checkbox"/> Print DOB for Process Label		
©2004 - 2005 PCC Technology Group. All rights reserved.						

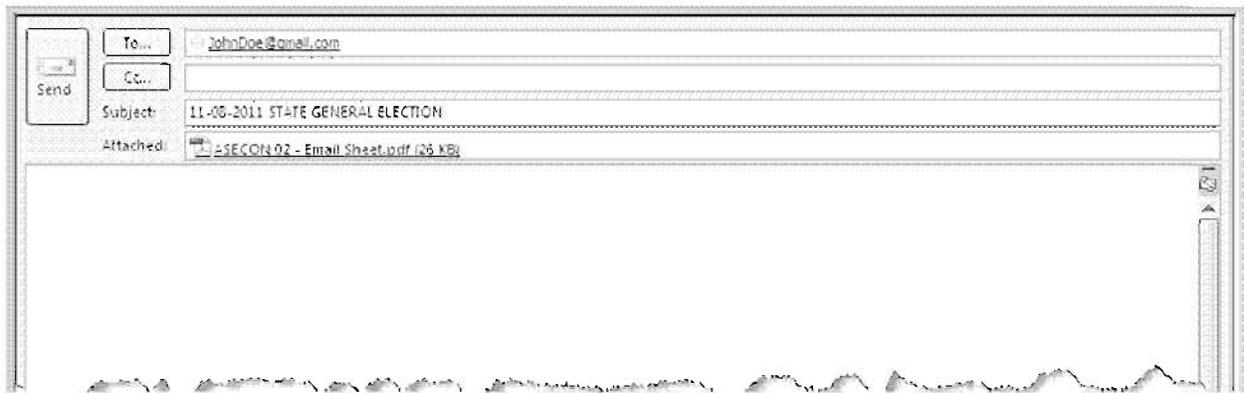
8 Generate an E-mail Sheet and the County Committee Letter Individually from the “Mail-In Ballot Request” screen

A new enhancement will be introduced in the “Mail-In Ballot Request” screen for the users to be able to generate an e-mail Sheet, County Committee Letter and be able to view them together with the associated ballot before the Electronic Ballot Mechanism automatically attaches them as a single attachment. This e-mail will be transmitted to the UOCAVA Voter.

1. Navigation: Activities -> Mail-In Voter -> Search Voter -> Select Voter -> Add Mail-In Request – AGE/UOCAVA/Annual Mail-In – All Elections -> Save -> Mail-In Voter Confirmation



2. Add two new buttons to the “Mail-In Voter Confirmation” screen:
 1. Review Electronic Delivery of the Ballot
 2. Send Electronic Delivery of the Ballot
3. Click on the “Review Electronic Delivery of the Ballot” to view a copy of the attachment that has been compiled by the Electronic Ballot Mechanism.



4. If the voter is only a UOCAVA Voter then the system will generate only the e-mail sheet.
5. If the voter is a UOCAVA voter and a County Committee member then the system will generate an e-mail sheet along with the County Committee Letter.
6. The attachment will be comprised of the e-mail sheet, County Committee letter, and the ballot.
7. The content in the email will not be editable.
8. Click on the "Send Electronic Delivery of the Ballot" to send the attachment without reviewing it.

9 Process an e-mail sheet and the election correspondence from the Reminders screen

We will introduce an enhancement in the "Reminders" module screen that will allow users to process election correspondence for UOCAVA voters in a batch process. The enhancement will be used for voters with an e-mail sheet that was generated before the ballot was created and uploaded into the SVRS. While processing the voters from the reminders module, the system will dynamically attach the County Committee Letter, e-mail sheet and the ballot that was uploaded and linked to the district that the voter is residing in. It will be ONE attachment.

Note: This solution will be furnished as an offline process. A scheduled back-end thread will be implemented to execute the batch at night.

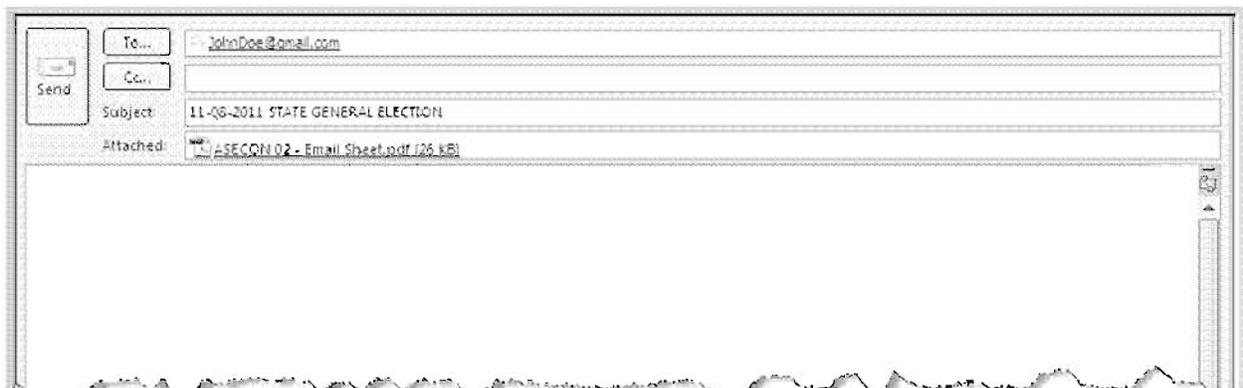
1. Navigation: Activities -> System -> Show Reminders -> "UOCAVA Voters that are Ready to receive election correspondence via e-mail"

UOCAVA Voter's that are ready to receive election correspondence via Email									
Election Date -- Name									
▼									
Select	Last Name	First Name	Middle Name	Suffix	Date of Birth	Residence Address	Voter Id	Party	Status
<input type="checkbox"/>	LOMBARDI	JOSEPH			07/23/1964	106 LAKEWOOD AVE CEDAR GROVE NJ 07009	101623158	Republican*	Active
<input type="checkbox"/>	PETRASEK	MARJORIE	A		11/06/1971	83 HARPER TER CEDAR GROVE NJ 07009	101563103	Democratic*	Active
<input type="checkbox"/>	PETRASEK	STEVEN	P		09/10/1968	83 HARPER TER CEDAR GROVE NJ 07009	101563104	Unaffiliated	Active
<input type="checkbox"/>	YOUNG	CHARLES			12/13/1920	398 POMPTON AVE CEDAR GROVE NJ 07009	101512844	Democratic*	Active
<input type="checkbox"/>	ZEE	RAYMOND			03/20/1961	7 RIDGE CT CEDAR GROVE NJ 07009	101220818	Democratic*	Inactive Confirmation

2. Create a new reminder screen that will display a list of UOCAVA voters whose Mail-In applications were entered and an e-mail sheet was generated but were not sent an e-mail with the election correspondence using the Electronic Ballot Mechanism.
3. The Election Date – Name drop down will only populate with the future election and will filter the result when the election is selected. For example, if the e-mail sheet for a voter was generated with the General Election 2011, when the General Election 2011 is selected the application should filter and

populate all the voters whose e-mail sheets were generated for General Election 2011.

4. The application should also check to see if the ballots have been assigned to the MWD for the selected election. Only display the results if the ballot has been assigned to the selected election as documented in section 6.
5. Click on the "Batch Email Process" to send the election correspondence via e-mail to all the voters in the list in a batch process.
6. The newly created back-end thread will process these voters offline at night.
7. Select a voter and click on the "Individual Email Process" to view a copy of the attachment that has been compiled by the Electronic Ballot Mechanism.



8. If the voter is only a UOCAVA Voter then the system will generate only the e-mail sheet.
9. If the voter is a UOCAVA voter and a County Committee member then the system will generate an e-mail sheet along with the County Committee Letter.
10. The attachment will be comprised of the e-mail sheet, County Committee letter, and the ballot.
11. The content in the email will not be editable.
12. Click on the "Send Electronic Delivery of the Ballot" to send the attachment without reviewing it.
13. Click on the "Print List" button to create a standard pdf of the content on the screen.
14. Display the maximum amount of records that can be supported by the application/browser so that more records can be processed per page.

9.1 Change the Mail Date logic

Currently the Mail Date is recorded when the e-mail sheet is generated, but this logic will change. The Mail Date for the UOCAVA voters who wish to receive the election correspondence through e-mail will be registered when the ballot and the election corresponded is actually sent with the automated process and not when the e-mail sheet is generated.

10 Electronic Ballot Mechanism Process

1. For the qualified UOCAVA Voters the electronic ballot mechanism will attach a copy of the ballot that was uploaded and associated to the MWD in section 6 dynamically to both the e-mail sheet and the County Committee Letter. All these three attachments will be embedded as ONE attachment.
2. The subject line of the e-mail will be dynamically populated with the election name that was used in the time of generating the e-mail sheet.
3. The sender's e-mail address along with the content in the body of the e-mail will be discussed in the near future.
4. E-mail Notification: E-mail Return Receipt Service will also be added to identify when the e-mail message has been delivered to the voters e-mail server.

11 Reply - TO and FROM address in the Electronic Transmission Sheet

This newly created screen will provide information on how to set your reply-to and from address. The application will dynamically pull the county election officials address information from this screen and will populate them in the Electronic Transmission Sheet.

1. Navigation: Activities -> Maintain County Data -> Email Information

Election Officials TO and FROM Email Address information						
Select	Name	Address	Primary Ph No.	Secondary Ph No.	Fax No.	Email Address
Mail-In Voter to Local Election Official (To):						
<input type="checkbox"/>	GEORGE GILMORE	129 HOOPER AVENUE P.O. BOX 2006 TOMS RIVER NJ 08754-2006	732-929-2059	732-929-2169	732-506-5110	John@co.ocean.nj.us
Local Election Official to the Mail-In Voter (FROM):						
<input type="checkbox"/>	WYATT EARP	129 HOOPER AVENUE P.O. BOX 2006 TOMS RIVER NJ 08754-2006	800-452-5254	732-929-2167	732-506-5110	EARP@co.ocean.nj.us

2. Click on the "Add" button to add the Election Officials information

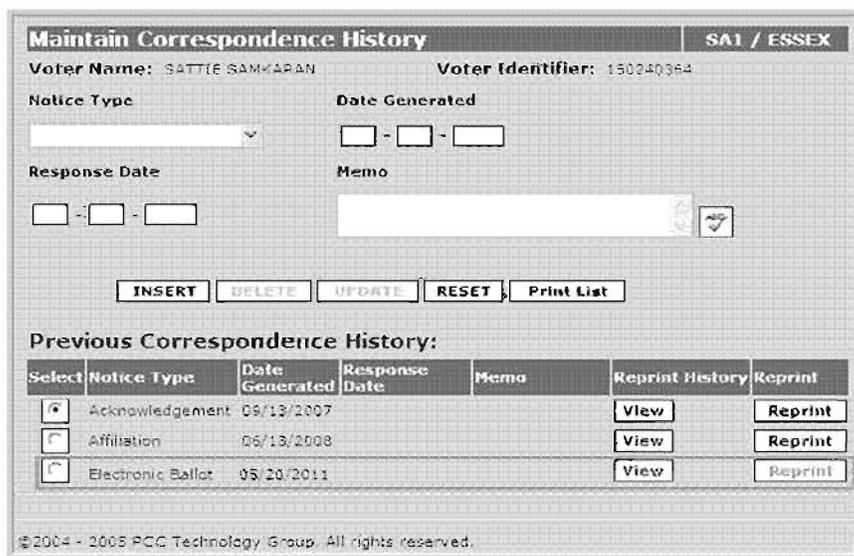
Add County Election Official		
First Name	<input type="text"/>	
Last Name	<input type="text"/>	
Title	<input type="text"/>	
Street Number	<input type="text"/>	
Street Name	<input type="text"/>	
Address Line 2	<input type="text"/>	
Municipality	<input type="text"/>	
Zip Code	<input type="text"/>	
Primary Ph No.	Secondary Ph No.	Fax No.
<input type="text"/>	<input type="text"/>	<input type="text"/>
Primary Ph No.	Secondary Ph No.	Fax No.
<input type="text"/>	<input type="text"/>	<input type="text"/>
Mail-In Electronic Transmission Email	<input type="text"/>	

1. The "Add County Election Official" screen will appear. Add in the County Election Officials information and click on the "Add" button to save and update.

12 Audit Trail

An enhancement will be introduced to capture the audit trail for the election correspondence that was sent to the UOCAVA voters using the Electronic Ballot Mechanism. With this enhancement the application will populate the "Electronic Ballot/UOCAVA Voters" in the Correspondence History.

1. Navigation: Activities -> Maintain Voter History -> Maintain Correspondence History



Maintain Correspondence History SA1 / ESSEX

Voter Name: SATTIE SAMKARAN Voter Identifier: 150240364

Notice Type: Date Generated: - -

Response Date: - - Memo:

Previous Correspondence History:

Select	Notice Type	Date Generated	Response Date	Memo	Reprint History	Reprint
<input type="checkbox"/>	Acknowledgement	09/13/2007			<input type="button" value="View"/>	<input type="button" value="Reprint"/>
<input type="checkbox"/>	Affiliation	05/13/2008			<input type="button" value="View"/>	<input type="button" value="Reprint"/>
<input type="checkbox"/>	Electronic Ballot	05/20/2011			<input type="button" value="View"/>	<input type="button" value="Reprint"/>

© 2004 - 2008 PCC Technology Group. All rights reserved.

2. A new place holder will be added to this screen to capture the Electronic Ballot that is generated from the Electronic Ballot Mechanism
3. The Notice Type in the correspondence history will show as "Electronic Ballot." This will be the audit trail for the Electronic Ballot Mechanism process
4. Click on the "View" button next to the newly added "Electronic Ballot/UOCAVA Voters" to view the attachment that was sent to the UOCAVA voter using the Electronic Ballot Mechanism.
5. The "Insert", "Delete", and "Update", button will be disabled by default
6. The "Reset" and the "Print List" button will work as currently in place

13 Ballot Report Mechanism

Two new reports will be implemented in the reports module that will allow the counties as well as the state users to print a list of recipients that were sent a ballot via e-mail.

13.1 Electronic Delivery of the Ballot/UOCAVA Voters Report

1. Navigation: Activities -> Reports -> Electronic Delivery of the Ballot/UOCAVA Voters Report

Electronic Delivery of the Ballot/UOCAVA Voters Report

Municipality: BELLEVILLE, BLOOMFIELD, CALDWELL, CEDAR GROVE
 Ward: BELLEVILLE-01, BELLEVILLE-02, BELLEVILLE-03, BELLEVILLE-04
 District: BELLEVILLE-01-01, BELLEVILLE-01-02, BELLEVILLE-01-03, BELLEVILLE-01-04

No Page Break:

Election Date -- Name: Election Type: Election Code:

Voter Status: Active, Active Need ID, Active-Federal Election Only
 Party: Unaffiliated, Democratic*, Republican*

Requested For:

Report Generation Options:
 Generation Type: PDF
 PDF Font Type: Arial PDF Font Size: Medium
 PDF Page Size: Default PDF Page Layout: Default

Schedule Report:

One Time Date: Time:

Daily Excluded Saturday and Sunday: Time:

Weekly Day: Monday Time:

Monthly Date: Time:

Annually Month: January Date: Time:

View Submit Request Reset

1. This report should be accessible to all the county users and will generate a list of recipients that were sent a ballot via e-mail.
2. The Report Criteria Page will display the following selection criteria:
 - a. Election Date - Name
 - b. Generate for Ward Districts
 - c. Voter Status – Multi select box will contain all voter statuses.
 - d. Gender – Multi select box that allows users to select "Not Entered, Male, or Female"

- e. Party - Multi select box that allows user to select to display only "Democratic or Republican." All other parties will be suppressed by default
- f. "No Page Break" checkbox option will be unchecked by default

13.2 Electronic Delivery of the Ballot/UOCAVA Voters Output Report

1. The Output Report will display the following Information:
 - a. Voter ID
 - b. Party
 - c. Voter Name (First Name, Last Name, Middle Initial, and Suffix)
 - d. Date of Birth
 - e. Voter Status
 - f. E-Mail Address
 - g. Residence Address
 - h. Mailing Address
2. The report should have the required totals as is standard on SVRS reports.

14 UOCAVA Enhancement Tickets

14.1 NJP-9502– *Displaying e-mail address of the UOCAVA voters*

A new column shall be added in the “View Mail-In Ballot Address History” screen specifying the UOCAVA voter’s e-mail address.

14.2 NJP-9219– *New sort option on Mail-In Ballot Summary report*

The counties are requesting a new sort option “Breakdown Summary By Municipal Totals” to be added to the “Mail-In Ballot Summary” report.

14.3 NJP-8670/9795/8062– *New UOCAVA Email/Fax Report*

The State is requesting for a new report “UOCAVA Email/Fax Report” which will consists of:

1. Ballot Type
2. Email Address
3. Fax Number
4. Barcode
5. Voter Name, and
6. Voter ID

14.4 NJP-7880- *Adding email ID in Mail-In Ballot Request Screen*

A new e-mail field needs to be added in the “Mail-In Ballot Request” screen for audit purpose since that information is now on the application page when the UOCAVA voters are requesting for a ballot.

14.5 NJP-7092 – *Classification of FWAB and setting the expiration date*

The counties would like an enhancement to give them a classification of FWAB (Federal Write-In Ballot), and give them the expiration date of that year, and not for 2 years. Their Write-In ballot is only good in the election that they are applying for.

14.6 NJP-7003 – *Adding a new voter status ‘Inactive Federal Election’*

The Board of Elections in a couple of the counties would like an enhancement to be made in the “Voter Registration” module; add a new voter status “Inactive Federal Election”. This option is needed to keep track of the Federal Only voters.

14.7 NJP-6652- *Fax absentee labels should have a reference on the label that it’s a fax*

All Fax Mail-In labels should have a reference indicator on the label that it’s a fax. Currently only the military fax labels do indicate that it’s a fax.

14.8 NJP-6222- Including OTC checkbox in the Mail-In ballot request

The user is requesting that the “Include OTC” checkbox in the “Mail-In Ballot Request for Annual Mail-In – All Election/UOCAVA” report be flagged by default.

14.9 NJP-5116- Sorting ballot labels in 2 ways

The user would like to be able to sort ballot labels 2 ways at the same time. The user would like the labels sorted by party then within the party sort have the labels sort by Ballot type.

14.10 NJP-7844- Changing Type of Mail-In ballot from Update/Maintain screen

The user is requesting an enhancement to be made to the Mail-In module to be able to change the “Type of Mail-In Ballot” in the “Update/Maintain” screen while reissuing a ballot.

Currently, the system will only allow the users to change the “Type of Mail-In Ballot” from the “Mail-In Ballot Request” screen. While reissuing the ballot the application directs the users to the “Update/Maintain” screen and on this screen the system will not allow the users to change the “Type of Mail-In Ballot”.

The logic needs to be tweaked so that the users can also change the “Type of Mail-In Ballot” from the “Update/Maintain” screen while reissuing a ballot.

14.11 NJP-6351- New button for Overseas Civilians that are not Federal Election Only

The user would like a new button to be implemented in the “Mail-In Application Labels” screen that will give users all the Overseas Civilians that are not Federal Election Only.

14.12 NJP-9336 – Grand Totals

The State is requesting that the “Mail-In Ballot County by Municipality and Style Report” should also include a Grand Total. This total will give the grand total number of ballot request received, ballots issues, received and accepted at the end of the report.

15 Project Cost

The estimated hours and the cost associated with the changes that will be implemented in the NJSVRS application are listed below.

	Electronic Delivery of Ballots	12 UOCAVA Enhancement Tickets
The estimate hours:*	2052	1595
The cost of services:*	277,020	215,325
The cost of H/W	10,500	-NA-
Total	502,845	

*Estimate Hours and Cost of Services are for budget estimate purposes only and are subject to change upon review of the final legislation and the functionality to be implemented.

The cost of H/W is included since an extended storage will be needed in the State Server for the purpose to store and retrieve the copies of the ballots, e-mail sheet and County Committee Letter. These images will be used later in the time for the batch processing through reminders and for the audit trail.

16 Appendix



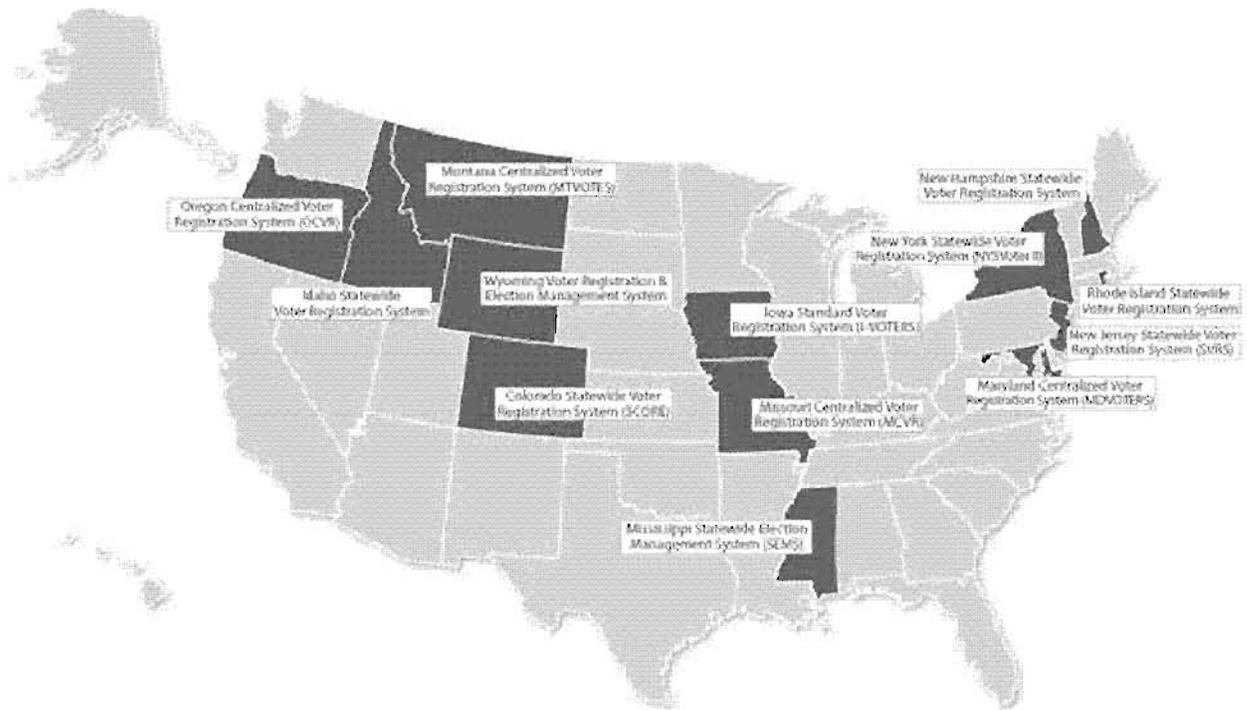
baa
hq0034-fvap-11baa-(



Hewlett-Packard State & Local Enterprise Services

Hewlett-Packard State and Local Enterprise Services (HPSL) has a proven, demonstrable record in implementing and supporting statewide voter registration systems for thirteen states including New Jersey's Statewide Voter Registration System (NJ-SVRS). Along with our team's experience, HPSL will clearly demonstrate why we are the most qualified and lowest risk partner for this grant opportunity, including a number of key factors that differentiate HPSL:

- **Thirteen Successful Statewide Implementations.** Our credibility comes from our successful implementation of thirteen statewide Voter Registration Systems (VRS) across the country-- Oregon, Iowa, Colorado, Wyoming, Maryland, Montana, Idaho, Mississippi, Missouri, New York, New Jersey, New Hampshire, and Rhode Island--four of which utilize the ElectionNet voter registration and election management solution. No other vendor has this level of experience in implementing statewide VRS.



- **State of New Jersey Experience.** As the vendor who implemented the NJ-SVRS, our deep understanding of the New Jersey Department of State's Election Division and the current system will enable the State rely upon a vendor with detailed knowledge of the both the state's system and New Jersey elections laws and business processes. Additionally, HPSL can implement the EASE enhancements relevant to New Jersey quickly and seamlessly as the State desires.
- **Dedicated Elections Practice.** HPSL is the only systems integrator that has a dedicated Elections Management practice that brings deep subject matter and technology expertise, along with a proven capability to deliver statewide VRS. We have over 100 technical and business resources dedicated to the Elections Management practice. Our elections staff has extensive experience in implementing and supporting VRS solutions and a "hands-on" understanding of HAVA, MOVE and a wide variety of state election laws. Our team knows what it takes to collaborate with states and counties to achieve a successful implementation.

- **State and Local Government is our Business.** HPSL is dedicated to serving state and local government clients. In fact, the state and local government market is our business. Our single-minded focus on this market allows us to tailor our services and our solutions to meet each state's specific needs. Our people are veterans at providing high value services to our government clients and understand how to achieve success.
- **Deep Technical Expertise.** It is evident that the State requires not only a system support, but also a vendor who can provide expert advice on critical technical issues through our accute knowledge with the NJ-SVRS solution. HPSL is a systems integrator with world class technical expertise that has an expert elections practice; not an elections vendor with some technical knowledge.

The State of New Jersey actively manages the NJ-SVRS to provide efficient workflows for their end-users and accurately manage voter registration and election management data for citizens throughout the state. To support the successful enhancement implementations of the NJ SVRS, HPSL has provided high quality, repeatable services to New Jersey, yielding successful results for New Jersey's election officials and citizen, including the following major initiatives:

- ✓ **2008—Record Voter Registration and Turnout, Motor Vehicle Commission Voter Registration Interface Implementation and Electronic Vote by Mail (VBM).** The Presidential Election Cycle resulted in unprecedented demands on local elections officials and record high voter registration. HPSL was there to ensure the NJ SVRS was available throughout the year and implemented several system improvements, which made processing of high volume registrations more efficient. Some of these updates included the ability to handle electronic transmission of the VBM ballot introduced by new legislation in August 2008 and established the electronic interface to process MVC registration additions and changes.
- ✓ **2009—Vote by Mail.** With only 15 weeks available between the passage of the Vote-by-Mail law (A2451) and the state's general election, HPSL was able to successfully complete significant application changes, such as, transitioning to an Annual Mail In voter process, creating the Annual General Election voter category whereby voters automatically receive a ballot for every general election, tracking the number of ballot requests submitted by an authorized messenger, and transitioning from the absentee terminology to mail in terminology. These changes enabled election officials to efficiently process and track ballots under the new voting method for the 2009 Gubernatorial Election.
- ✓ **2010—Local Imaging Solution.** Following the implementation of VBM, local election officials recognized the need for and value of scanning and retrieving voter applications and other documents electronically. HPSL designed, developed, and implemented application enhancements and installed hardware in each county to create a solution for all 21 counties, reducing the costs for counties and creating efficiency for local election offices in managing voter inquiries.

With the support of the more than 100 employees within our Elections Delivery Group, the New Jersey Department of State's Elections Division and the Federal Voting Assistance Program can be confident that it has the best partner to implement the EASE modifications the NJ-SVRS.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 12/11/2012.

This vendor has chosen to opt out of the CCR Public Search.

DUNS: 617252317

DUNS PLUS4:

CAGE/NCAGE: 6G0Z9

Legal Business Name: STATE, NEW YORK DEPARTMENT OF

Doing Business As (DBA): BOARD OF STATE ELECTIONS

Division Name:

Division Number:

Company URL: <http://www.elections.ny.gov/>

Physical Street Address 1: 40 STEUBEN ST

Physical Street Address 2:

Physical City: ALBANY

Physical State: NY

Physical Foreign Province:

Physical Zip/Postal Code: 12207-2108

Physical Country: USA

Mailing Name: NYS STATE BOARD OF ELECTIONS

Mailing Street Address 1: 40 STEUBEN ST.

Mailing Street Address 2:

Mailing City: ALBANY

Mailing State: NY

Mailing Foreign Province:

Mailing Zip/Postal Code: 12207-2108

Mailing Country: USA

Business Start Date: 06/01/1974

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: COLLEEN KOCH

Address Line 1: 40 STEUBEN STREET

Address Line 2:

Government Business Alternate POC

Name: THOMAS JAROSE

Address Line 1: 40 STEUBEN ST.

Address Line 2:

City: ALBANY
State: NY
Foreign Province:
Zip/Postal Code: 12207-2108
Country: USA
U.S. Phone: 518-474-6336
Non-U.S. Phone:
Fax: 518-474-1008

City: ALBANY
State: NY
Foreign Province:
Zip/Postal Code: 12207-2108
Country: USA
U.S. Phone: 518-474-6336
Non-U.S. Phone:
Fax: 518-474-1008

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: THOMAS CONNOLLY
Address Line 1: 40 STEUBEN ST.
Address Line 2:
City: ALBANY
State: NY
Foreign Province:
Zip/Postal Code: 12207-2108
Country: USA
U.S. Phone: 518-474-1953
Non-U.S. Phone:
Fax: 518-486-4068

Electronic Business Alternate POC

Name: DANIEL VALVO
Address Line 1: 40 STEUBEN ST.
Address Line 2:
City: ALBANY
State: NY
Foreign Province:
Zip/Postal Code: 12207-2108
Country: USA
U.S. Phone: 518-473-4803
Non-U.S. Phone:
Fax: 518-474-1008



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Hartford 130 Darlin Street East Hartford, CT 06108-3234		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT New York Department of State 40 Steuben Street Albany, NY 12207-2108 POC: Mr. Thomas Connolly (518) 474-1953	4a. AWARD NUMBER H98210-12-I-0004	5a. FACE VALUE \$2,480,597.60	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 04 November 2011	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 03 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 04 NOV 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____
 TELEPHONE: _____ FAX NO: _____
 E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
--	--	--

* 3. Date Received: Completed by Grants.gov upon submission.	4. Applicant Identifier: _____
---	-----------------------------------

5a. Federal Entity Identifier: H98210-BAA-11-0001	5b. Federal Award Identifier: _____
--	--

State Use Only:

6. Date Received by State: _____	7. State Application Identifier: _____
----------------------------------	--

8. APPLICANT INFORMATION:

* a. Legal Name: New York State Board of Elections

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
--	--------------------------------------

d. Address:

* Street1:	40 STEUBEN STREET
Street2:	_____
* City:	Albany
County/Parish:	_____
* State:	NY: New York
Province:	_____
* Country:	USA: UNITED STATES
* Zip / Postal Code:	12207-2108

e. Organizational Unit:

Department Name: _____	Division Name: _____
---------------------------	-------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____	* First Name: Thomas
Middle Name: _____	
* Last Name: Connolly	
Suffix: _____	

Title: Deputy Director of Public Information

Organizational Affiliation:

* Telephone Number: (518) 474-1953	Fax Number: (518) 486-4068
------------------------------------	----------------------------

* Email: TCONNOLLY@elections.state.ny.us

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

County Boards.pdf

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

New York State UOCAVA System Enhancement (USE) Program

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="2,480,597.60"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="2,480,597.60"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

- Yes
- No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an Internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

* Applicant Organization Name:

New York State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Co-Director

Prefix:

* First Name: Robert

Middle Name:

* Last Name: Brehm

Suffix:

Title:

Organizational Affiliation:

* Street1: 40 Steuben Street

Street2:

* City: Albany

County:

* State: NY: New York

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 12207-2108

* Telephone Number: (518) 474-1953

Fax:

* Email: RBREHM@elections.state.ny.us

Delete Entry

Previous Person

Next Person

Key Contacts Form

* Applicant Organization Name:

New York State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Co-Director

Prefix:

* First Name: Todd

Middle Name:

* Last Name: Valentine

Suffix:

Title:

Organizational Affiliation:

* Street1: 40 Steuben Street

Street2:

* City: Albany

County:

* State: NY: New York

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 12207-2108

* Telephone Number: (518) 474-1953

Fax:

* Email: TVALENTINE@elections.state.ny.us

Delete Entry

Previous Person

Next Person

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. New York State DOCAVA System Enhancement (USE) Program	12.217	\$ []	\$ []	\$ 2,480,597.60	\$ []	\$ 2,480,597.60
2. []	[]	[]	[]	[]	[]	[]
3. []	[]	[]	[]	[]	[]	[]
4. []	[]	[]	[]	[]	[]	[]
5. Totals		\$ []	\$ []	\$ 2,480,597.60	\$ []	\$ 2,480,597.60

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	New York State UOCAVA System Enhancement (US5) Program				
a. Personnel	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
b. Fringe Benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Travel	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Equipment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Contractual	2,480,597.60	<input type="text"/>	<input type="text"/>	<input type="text"/>	2,480,597.60
g. Construction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
h. Other	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
i. Total Direct Charges (sum of 6a-6h)	2,480,597.60	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ 2,480,597.60
j. Indirect Charges	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
k. TOTALS (sum of 6i and 6j)	\$ 2,480,597.60	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ 2,480,597.60
7. Program Income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A-102) Page 1A

SECTION C - NON-FEDERAL RESOURCES				
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	\$	\$	\$	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 2,480,597.60	\$ 2,480,597.60			
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 2,480,597.60	\$ 2,480,597.60			

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

Key Contacts Form

* Applicant Organization Name:

New York State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Co-Director

Prefix:

* First Name: Robert

Middle Name:

* Last Name: Brehm

Suffix:

Title:

Organizational Affiliation:

* Street1: 40 Steuben Street

Street2:

* City: Albany

County:

* State: NY: New York

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 12207-2108

* Telephone Number: (518) 474-1953

Fax:

* Email: RBREHM@elections.state.ny.us

Key Contacts Form

* Applicant Organization Name:

New York State Board of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Co-Director

Prefix:

* First Name: Todd

Middle Name:

* Last Name: Valentine

Suffix:

Title:

Organizational Affiliation:

* Street1: 40 Steuben Street

Street2:

* City: Albany

County:

* State: NY: New York

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 12207-2100

* Telephone Number: (518) 474-1953

Fax:

* Email: TVALENTINE@elections.state.ny.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text" value="H98210-BAA-11-0001"/>	5b. Federal Award Identifier: <input type="text"/>
--	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

* a. Legal Name: <input type="text" value="New York State Board of Elections"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="146113200"/>	* c. Organizational DUNS: <input type="text" value="0981592750000"/>	

d. Address:

* Street1:	<input type="text" value="40 STEUBEN STREET"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Albany"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="NY: New York"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="12207-2108"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Thomas"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Connolly"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="(518) 474-1953"/>	Fax Number: <input type="text" value="(518) 486-4068"/>
--	--

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

County Boards.pdf

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

New York State UOCAVA System Enhancement (USE) Program

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="2,480,597.60"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="2,480,597.60"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. New York State UOCAVA System Enhancement (USE) Program	12.217	\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 2,480,597.60	\$ <input style="width: 100px;" type="text"/>
2.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
3.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
4.	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 100px;" type="text"/>
5. Totals		\$ <input style="width: 100px;" type="text"/>	\$ <input style="width: 100px;" type="text"/>	\$ 2,480,597.60	\$ <input style="width: 100px;" type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	New York State UOCAVA System Enhancement (USE) Program			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual	2,480,597.60			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	2,480,597.60			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 2,480,597.60	\$	\$	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.		\$	\$	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)		\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ 2,480,597.60	\$ 2,480,597.60	\$	\$
14. Non-Federal	\$			
15. TOTAL (sum of lines 13 and 14)	\$ 2,480,597.60	\$ 2,480,597.60	\$	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16.	\$	\$	\$
17.			
18.			
19.			
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa , FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

rbrehem@relections.state.ny.us

Mr. Robert Brehem
40 Steuben Street
New York, NY 12207-2108

Dear Mr. Brehem:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 27 September 2011. The scheduled time to commence is at 10:00 AM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. In the Budget Proposal you outline certain licensing contracts. How do they correspond to the research outlined in the technical proposal?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil.

(b) (6)

Robert J. Lavelle
Grants Officer

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0004 with the New York Department of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the County of El Dorado (California) is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0007-000 (dated 21 October 2011) was received in the amount of **\$2,480,597.60** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 27 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

During the period of 28 October through 03 November 2011, the Parties discussed FVAP's proposed Data Point Collection Requirements. On 03 November, the Parties agreed to the revisions to these requirements. As a result, the Effective Date of Award was revised to 04 November 2011; the Recipient accepted all terms and conditions of the Grant on 03 November 2011..

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 2,480,597.60	\$ -	\$ 2,480,597.60
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 2,480,597.60	\$ -	\$ 2,480,597.60
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 2,480,597.60	\$ -	\$ 2,480,597.60
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 2,480,597.60	100.00%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 2,480,597.60	
Indirect Charges	\$ -	
TOTAL	\$ 2,480,597.60	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has proposed indirect rates in accordance with its financial standards, and is acceptable. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Hartford will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 13 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that **H98210-12-1-0004** with the County of El Dorado (California) in the amount of **\$2,480,597.60** be approved in its final form.

DATE: 04 November 2011

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

04 November 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0004

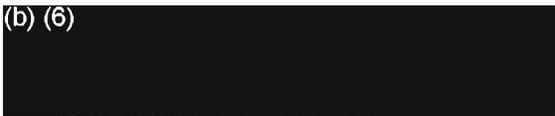
1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0004.

(NAME)

(SIGNATURE)

(DATE)

**STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS**

July 12, 2011

Albany County Board of Elections

32 North Russell Road

Albany, NY 12206

Phone: 518-487-5060

Fax: 518-487-5077

Matthew J. Clyne, Comm. D

Rachel L. Bledi, Comm. R

Kathleen A. Donovan, Dep. Comm. D

Ellen Graziano, Dep. Comm. R

Allegany County Board of Elections

6 Schuyler Street

Belmont, NY 14813

Phone: 585-268-9294

Fax: 585-268-9406

Cass Lorow, Comm. D

Elaine Herdman, Comm. R

Barbara Broughton, Dep. Comm. D

Marcy Crawford, Dep. Comm. R

Broome County Board of Elections

60 Hawley St., Government Plaza

P.O. Box 1766

Binghamton, NY 13902

Phone: 607-778-2172

Fax: 607-778-2174

John Perticone, Comm. D

Eugene D. Faughnan, Comm. R

Mary E. Pines, Dep. Comm. D

Karen A. Davis, Dep. Comm. R

Cattaraugus County Board of Elections

302 Court St.

Little Valley, NY 14755

Phone: 716-938-2400

Fax: 716-938-2775

Kevin C. Burleson, Comm. D

Sue A. Fries, Comm. R

Karen L. Byrne, Dep. Comm. D

Gina L. Shields, Dep. Comm. R

Cayuga County Board of Elections

10 Court St.

Auburn, NY 13021

Phone: 315-253-1285

Fax: 315-253-1289

Katie Lacey, Comm. D

Cherl Heary, Comm. R

Deborah Calarco, Dep. Comm. D

Tom Prystal, Dep. Comm. R

Chautauqua County Board of Elections

7 North Erie Street

Mayville, NY 14757

Phone: 716-753-4580

Fax: 716-753-4111

Norman P. Green, Comm. D

Brian C. Abram, Comm. R

Meaghan E. Knee, Dep. Comm. D

Nacole Ellis, Dep. Comm. R

Chemung County Board of Elections

378 So. Main Street

P.O. Box 588

Elmira, NY 14902-0588

Phone: 607-737-5475

Fax: 607-737-5499

Keith H. Osborne, Comm. D

Robert D. Siglin, Comm. R

Mary M. O'Dell, Dep. Comm. D

Linda A. Forrest, Dep. Comm. R

Chenango County Board of Elections

5 Court Street

Norwich, NY 13815

Phone: 607-337-1760

Fax: 607-337-1766

Carol A. Franklin, Comm. D

Harriet L. Jenkins, Comm. R

Clinton County Board of Elections

Co. Government Center. Suite 104

137 Margaret Street

Plattsburgh, NY 12901

Phone: 518-565-4740

Fax: 518-565-4508

Susan R. Castine, Comm. D

Gregory Campbell, Comm. R

Randa B. Fillion, Dep. Comm. D

Lois M. McShane, Dep. Comm. R

Columbia County Board of Elections

401 State St.

Hudson, NY 12534

Phone: 518-828-3115

Fax: 518-828-2624

Virginia Martin, Comm. D

Jason Nastke, Comm. R

Hilary Hillman, Dep. Comm. D

Kathy L. Harter, Dep. Comm. R

Cortland County Board of Elections

112 River Street - Suite 1

Cortland, NY 13045-2828

Phone: 607-753-5032

Fax: 607-758-5513

Thomas Henry Brown, Comm. D

Robert C. Howe, Comm. R

Delaware County Board of Elections

3 Gallant Ave.

Delhi, NY 13753

Phone: 607-746-2315

Fax: 607-746-6516

Judith Garrison, Comm. D

William J. Campbell, Comm. R

Paula Schermerhorn, Dep. Comm. D

Robin L. Alger, Dep. Comm. R

**STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS**

July 12, 2011

Dutchess County Board of Elections

47 Cannon St.

Poughkeepsie, NY 12601

Phone: 845-486-2473

Fax: 845-486-2483

Frances A. Knapp, Comm. D

Erik Haight, Comm. R

Daniel J. French, Dep. Comm. D

Christopher Baiano, Dep. Comm. R

Erie County Board of Elections

134 West Eagle St.

Buffalo, NY 14202

Phone: 716-858-8891

Fax: (716) 858-8282

Dennis Ward, Comm. D

Ralph Mohr, Comm. R

Arthur O. Eve, Jr., Dep. Comm. D

Dennis V. Ryan, Dep. Comm. R

Essex County Board of Elections

7551 Court Street

P. O. Box 217

Elizabethtown, NY 12932

Phone: 518-873-3474

Fax: 518-873-3479

Robert Pell-deChame, Comm. D

Derinda Sherman, Comm. R

Nancy C. Fink, Dep. Comm. D

Shona Doyle, Dep. Comm. R

Franklin County Board of Elections

355 West Main Street - Suite 161

Malone, NY 12953-1823

Phone: 518-481-1663

Fax: 518-481-6018

Kathy M. Fleury, Comm. D

Veronica B. King, Comm. R

Kelly Cox, Dep. Comm. D

Ruth Besio, Dep. Comm. R

Fulton County Board of Elections

2714 STHWY 29, Suite 1

Johnstown, NY 12095-9946

Phone: 518-736-5526

Fax: 518-736-1612

John W. Schermerhorn, Comm. D

Brett A. Preston, Comm. R

Linda L. Coons, Dep. Comm. D

Linda M. Madison, Dep. Comm. R

Genesee County Board of Elections

County Building One

15 Main Street - P.O. Box 284

Batavia, NY 14021

Phone: 585-344-2550

Fax: 585-344-8562

Dawn E. Cassidy, Comm D

Richard E. Siebert, Comm. R

Karen S. Gannon, Dep. Comm. D

Melissa L. Reamer, Dep. Comm. R

Greene County Board of Elections

411 Main Street, Suite 437

Catskill, NY 12414

Phone: 518-719-3550

Fax: 518-719-3784

Thomas J. Burke, Comm. D

Brent Bogardus, Comm. R

Marie Metzler, Dep. Comm. D

Carol Engelmann, Acting Dep. Comm. R

Hamilton County Board of Elections

Route 8

P. O. Box 175

Lake Pleasant, NY 12108

Phone: 518-548-4684

Fax: 518-548-6345

Cathleen E. Rogers, Comm. D

Judith L. Peck, Comm. R

William Parslow, Dep. Comm. D

Deborah A. O'Rourke, Dep. Comm. R

Herkimer County Board of Elections

109 Mary Street, Suite 1306

Herkimer, NY 13350

Phone: 315-867-1102

Fax: 315-867-1106

Shelly Pazzanese, Comm. D

Kathleen A. Farber, Comm. R

Jefferson County Board of Elections

175 Arsenal St.

Watertown, NY 13601

Phone: 315-785-3027

Fax: 315-785-5197

Sean M. Hennessey, Comm. D

Jerry Eaton, Comm. R

Babette Hall, Dep. Comm. D

Trina L. Kampnich, Dep. Comm. R

Lewis County Board of Elections

7660 N. State Street

Lowville, NY 13367

Phone: 315-376-5329

Fax: 315-376-2860

Elaine M. McLear, Comm. D

Ann M. Nortz, Comm. R

Livingston County Board of Elections

County Government Center

6 Court Street, Room 104

Geneseo, NY 14454-1043

Phone: 585-243-7090

Fax: 585-243-7015

Laura M. Schoonover, Comm. D

Nancy L. Leven, Comm. R

David M. DiPasquale, Dep. Comm. D

Matthew W. Griffo, Dep. Comm. R

STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS
July 12, 2011

Madison County Board of Elections
North Court Street - County Office Bldg.
P. O. Box 666
Wampsville, NY 13163
Phone: 315-366-2231
Fax: 315-366-2532
Laura P. Costello, Comm. D
Lynne M. Jones, Comm. R

Monroe County Board of Elections
39 Main St. West
Rochester, NY 14614
Phone: 585-753-1550
Fax: 585-324-1612
Thomas F. Ferrarese, Comm. D
Peter M. Quinn, Comm. R
Colleen Anderson Behrndt, Dep. Comm. D
Douglas E. French, Dep. Comm. R

Montgomery County Board of Elections
Old Courthouse, 9 Park Street
P. O. Box 1500
Fonda, NY 12068-1500
Phone: 518-853-8180
Fax: 518-853-8392
Jamie M. Duchessi, Comm. D
Terrance J. Smith, Comm. R
Caroline Swartz, Dep. Comm. D
Michael McMahon, Dep. Comm. R

Nassau County Board of Elections
240 Old Country Road - 5th Floor
Mineola, NY 11501
Phone: 516-571-2411
Fax: 516-571-2058
William T. Biamonte, Comm. D
Louis G. Savinetti, Comm. R
Michael Santeramo, Dep. Comm. D
Carol Demauro Busketta, Dep. Comm. R

NEW YORK CITY

New York City Board of Elections
32 Broadway
7th Floor
New York, NY 10004
Phone: 212-487-5300
Fax: 212-487-5349
Vacant, Director D
Dawn Sandow, Deputy Executive Director R
Pamela Green Perkins, Administrative Manager D

BOROUGH OFFICES

Bronx County Board of Elections
1780 Grand Concourse-5th Floor
Bronx, NY 10457
Phone: 718-299-9017
Naomi Barrera, Comm. D
Juan Carlos Polanco, Comm. R
Anna Torres, Deputy Chief Clerk D
Anthony J. Ribustello, Deputy Chief Clerk R

Kings County Board of Elections
345 Adams Street - 4th Floor
Brooklyn, NY 11201
Phone: 718-797-8800
Fax: 718-246-5958
Julie Dent, Comm. D
Nancy Mottola Schacher, Comm. R
Maryrose Sattie, Deputy Chief Clerk D
Diane Haslett Rudiano, Chief Clerk R

New York County Board of Elections
200 Varick Street - 10th Floor
New York, NY 10014
Phone: 212-886-2100
Gregory C. Soumas, Comm. D
Frederic M. Umane, Comm. R
Greg Lehman, Chief Clerk R
Timothy Gay, Deputy Chief Clerk D

Queens County Board of Elections
126-06 Queens Boulevard
Kew Gardens, NY 11415
Phone: 718-730-6730
Jose M. Araujo, Comm. D
Judith D. Stupp, Comm. R
Barbara Conacchio, Chief Clerk D
Kathrine A. James, Deputy Chief Clerk R

Richmond County Board of Elections
1 Edgewater Plaza
Staten Island, NY 10305
Phone: 718-876-0079
Michael J. Ryan, Comm. D
John P. Sipp, Comm. R
Sheila Del Giorno, Chief Clerk D
Anthony Andruilli, Deputy Chief Clerk R

Niagara County Board of Elections
111 Main Street, Suite 100
Lockport, NY 14094
Phone: 716-438-4040
Fax: 716-438-4054
Nancy L. Smith, Comm. D
Mary Ann L. Casamento, Comm. R
Lora A. Allen, Dep. Comm. D
Michael Carney, Dep. Comm. R

Oneida County Board of Elections
Union Station
321 Main Street - 3rd Floor
Utica, NY 13501
Phone: 315-798-5765
Fax: 315-798-6412
Carolann Cardone, Comm. D
Pamela N. Mandryck, Comm. R
Michele A. Giruzzi, Dep. Comm. D
Cathy Dumka, Dep. Comm. R

STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS
July 12, 2011

Onondaga County Board of Elections

Civic Center - 15th Floor
421 Montgomery Street
Syracuse, NY 13202
Phone: 315-435-3312
Fax: 315-435-8451
Edward F. Ryan, Comm. D
Helen M. Kiggins Walsh, Comm. R

Ontario County Board of Elections

74 Ontario Street
Canandaigua, NY 14424
Phone: 585-396-4005
Fax: 585-393-2941
Mary Q. Salotti, Comm. D
Michael J. Northrup, Comm. R
Joan F. Luther, Dep. Comm. D
Nancy Kellogg, Dep. Comm. R

Orange County Board of Elections

25 Court Lane, P.O. Box 30
Goshen, NY 10924
Phone: 845-291-2444
Fax: 845-291-2437
Susan Bahren, Comm. D
David C. Green, Comm. R
Louise Vandemark, Dep. Comm. D
Courtney Canfield Greene, Dep. Comm. R

Orleans County Board of Elections

14012 State Route 31
Albion, NY 14411
Phone: 585-589-3274
Fax: 585-589-2771
Janice E. Grabowski, Comm. D
Dennis J. Piedimonte, Comm. R
Eileen Aina, Dep. Comm. D
Clara L. Martin, Dep. Comm. R

Oswego County Board of Elections

185 E. Seneca Street, Box 9
Oswego, NY 13126
Phone: 315-349-8350
Fax: 315-349-8357
Richard Atkins, Comm. D
Donald M. Wart, Comm. R
Teresa Munger, Dep. Comm. D
Peggy Bickford, Dep. Comm. R

Otsego County Board of Elections

Suite 2
140 County Highway 33W
Cooperstown, NY 13326
Phone: 607-547-4247
Fax: 607-547-4248
Henry J. Nicols, Comm. D
Sheila M. Ross, Comm. R
Cindy Jarvis, Dep. Comm. D
Lori L. Lehenbauer, Dep. Comm. R

Putnam County Board of Elections

25 Old Route 6
Carmel, NY 10512
Phone: 845-808-1300
Fax: 845-808-1920
Robert J. Bennett, Comm. D
Anthony G. Scannapieco, Jr., Comm. R
Andrea Basli, Dep. Comm. D
Nancy M. Quis, Dep. Comm. R

Rensselaer County Board of Elections

Ned Pattison Government Center
1600 Seventh Ave.
Troy, NY 12180
Phone: 518-270-2990
Fax: 518-270-2909
Edward G. McDonough, Comm. D
Larry A. Bugbee, Comm. R

Rockland County Board of Elections

11 New Hempstead Road
New City, NY 10956
Phone: 845-638-5172
Fax: 845-638-5196
Ann Marie Kelly, Comm. D
Louis C. Babcock, Comm. R
Kathleen Pietanza, Dep. Comm. D
Gerard Rogers, Dep. Comm. R

Saratoga County Board of Elections

50 W. High St.
Ballston Spa, NY 12020
Phone: 518-885-2249
Fax: 518-884-4751
William Fruci, Comm. D
Roger J. Schiera, Comm. R
Carol Turney, Dep. Comm. D
John Marcellus, Dep. Comm. R

Schenectady County Board of Elections

388 Broadway - Suite E
Schenectady, NY 12305-2520
Phone: 518-377-2469
Fax: 518-377-2716
Brian Quail, Comm. D
Art Brassard, Comm. R
Amy Hild, Dep. Comm. D
Mark Quinn, Dep. Comm. R

Schoharie County Board of Elections

County Office Bldg. - 284 Main Street
P. O. Box 99
Schoharie, NY 12157
Phone: 518-295-8388
Fax: 518-295-8419
Clifford C. Hay, Comm. D
Lewis L. Wilson, Comm. R
Richard Shultes, Dep. Comm. D
Sara Davies-Griffin, Dep. Comm. R

STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS
July 12, 2011

Schuyler County Board of Elections

County Office Building
105 9th Street, Unit 13
Watkins Glen, NY 14891-9972
Phone: 607-535-8195
Fax: 607-535-8364
John L. Vona, Comm. D
Joseph Fazzary, Comm. R
Carolyn C. Elkins, Dep. Comm. D
Cindy L. Cady, Dep. Comm. R

Seneca County Board of Elections

One DiPronio Drive
Waterloo, NY 13165
Phone: 315-539-1760
Fax: 315-539-3710
Ruth V. Same, Comm. D
Joan P. Mooney, Comm. R
Carl J. Same, Dep. Comm. D
Kathryn Peterson, Dep. Comm. R

St. Lawrence County Board of Elections

48 Court Street
Canton, NY 13617
Phone: 315-379-2202
Fax: 315-386-2737
Jennie H. Bacon, Comm. D
Thomas A. Nichols, Comm. R
Jeffrey D. Farrell, Dep. Comm. D
Nicole R. Fountain, Dep. Comm. R

Steuben County Board of Elections

3 E. Pulteney Square
Bath, NY 14810
Phone: 607-664-2260
Fax: 607-664-1200
Joseph Welch, Comm. D
Vicky Olin, Comm. R
Kelly J. Penziul, Dep. Comm. D
Penny M. Ruest, Dep. Comm. R

Suffolk County Board of Elections

Yaphank Avenue
P. O. Box 700
Yaphank, NY 11980
Phone: 631-852-4500
Fax: 631-852-4590
Anita S. Katz, Comm. D
Wayne T. Rogers, Comm. R
Jeanne O'Rourke, Dep. Comm. D
William J. Ellis, Dep. Comm. R

Sullivan County Board of Elections

Government Center, 100 North Street
P. O. Box 5012
Monticello, NY 12701-5192
Phone: 845-807-0400
Fax: 845-807-0410
Faith Kaplan, Comm. D
Rodney Gaebel, Comm. R
Ann Prusinski, Dep. Comm. D
Pam Murran, Dep. Comm. R

Tioga County Board of Elections

County Office Building
56 Main Street
Owego, NY 13827
Phone: 607-687-8261
Fax: 607-687-6348
John J. Langan, Comm. D
Bernadette M. Toombs, Comm. R
Sandra Saddlemire, Dep. Comm. D
Lin Layman, Dep. Comm. R

Tompkins County Board of Elections

Court House Annex
128 E. Buffalo Street
Ithaca, NY 14850
Phone: 607-274-5522
Fax: 607-274-5533
Stephen M. DeWitt, Comm. D
Elizabeth W. Cree, Comm. R
Thomas M. Paolangeli, Dep. Comm. D
Patricia Fanders, Dep. Comm. R

Ulster County Board of Elections

284 Wall Street
Kingston, NY 12401
Phone: 845-334-5470
Fax: 845-334-5434
C. Victor Work, Comm. D
Thomas F. Turco, Comm. R
Jay Mahler, Dep. Comm. D
Judy Horvers, Dep. Comm. R

Warren County Board of Elections

Co. Municipal Ctr. 3rd Fl.- Human Serv.
1340 State Route 9
Lake George, NY 12845
Phone: 518-761-6456
Fax: 518-761-6480
William A. Montfort, Comm. D
Mary Beth Casey, Comm. R
Elizabeth J. McLaughlin, Dep. Comm. D
Emily McCabe, Dep. Comm. R

Washington County Board of Elections

383 Broadway
Fort Edward, NY 12828
Phone: 518-746-2180
Fax: 518-746-2179
Jeffrey J. Curtis, Comm. D
Leslie Allen, Comm. R
Melinda Suprenant, Dep. Comm. D
Thomas Rogers, Dep. Comm. R

Wayne County Board of Elections

7376 State Route 31
P. O. Box 636
Lyons, NY 14489
Phone: 315-946-7400
Fax: 315-946-7409
Mark H. Alquist, Comm. D
Marjorie M. Bridson, Comm. R
Joyce A. Krebbeks, Dep. Comm. D
Kelley M. Borrelli, Dep. Comm. R

**STATE OF NEW YORK
STATE BOARD OF ELECTIONS
COUNTY BOARDS OF ELECTIONS**

July 12, 2011

Westchester County Board of Elections

25 Quarropas Street

White Plains, NY 10601

Phone: 914-995-5700

Fax: 914-995-3190 914-995-7753

Reginald A. LaFayette, Comm. D

Douglas A. Colety, Comm. R

Jeannie L. Palazola, Dep. Comm. D

Nancy Meehan, Dep. Comm. R

Wyoming County Board of Elections

4 Perry Avenue

Warsaw, NY 14569

Phone: 585-786-8931

Fax: 585-786-8843

Anna Mae Balmas, Comm D

James E. Schlick, Comm. R

Jeanne M. Williams, Dep. Comm. D

Wendy L. Simpson, Dep. Comm. R

Yates County Board of Elections

Suite 1124

417 Liberty Street

Penn Yan, NY 14527

Phone: 315-536-5135

Fax: 315-536-5523

Robert Brechko, Comm. D

Amy J. Daines, Comm. R

Susan Griffin, Dep. Comm. D

Helen Scarpechi, Dep. Comm. R

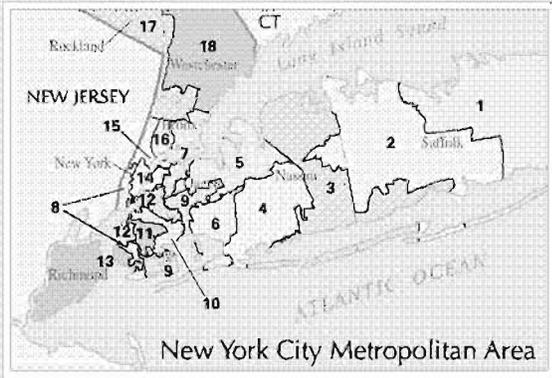
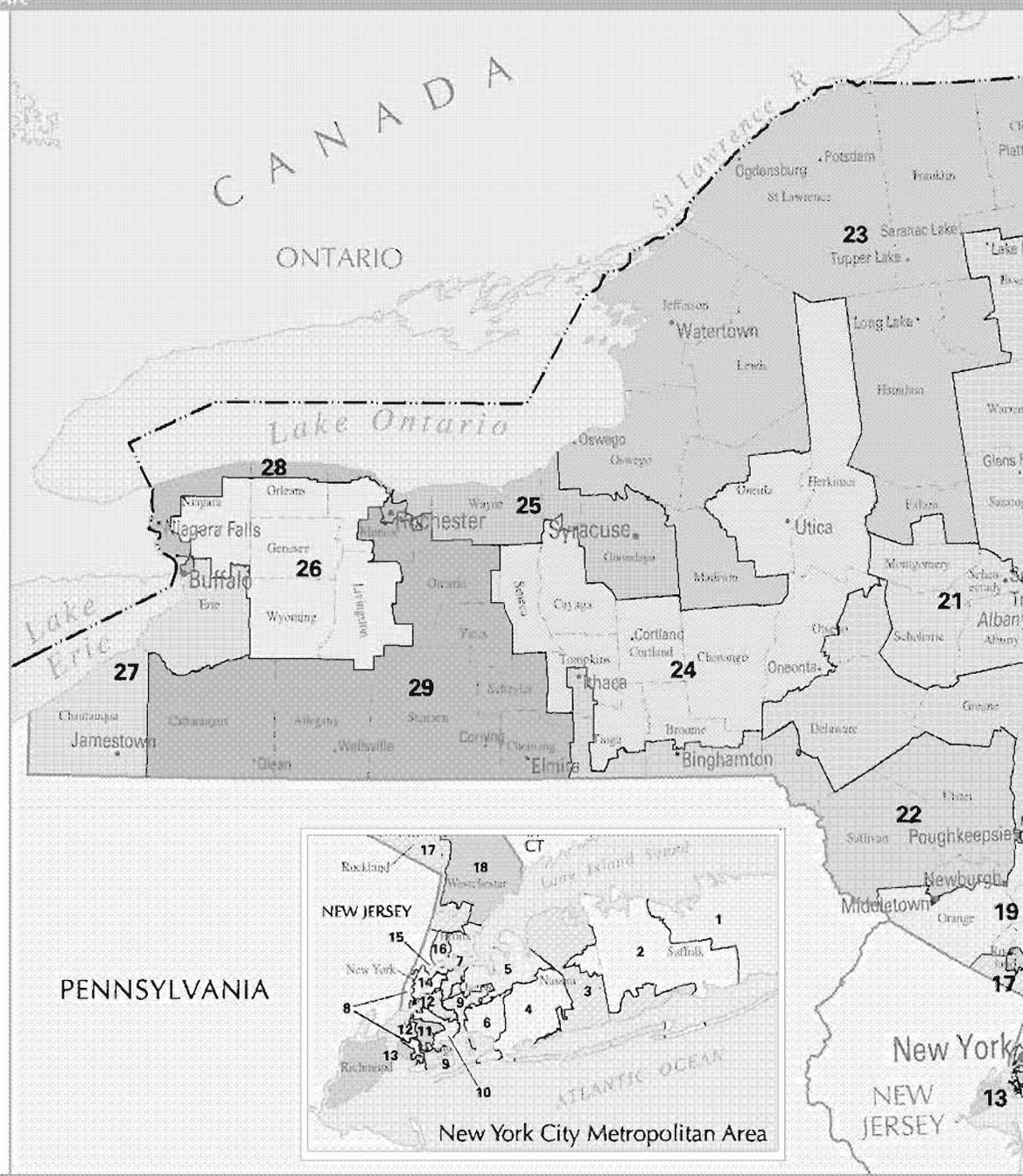
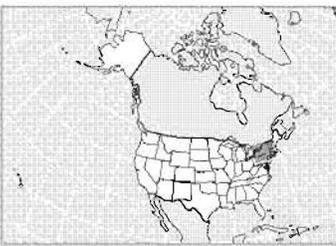
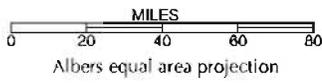


CONGRESSIONAL DISTRICTS

112th Congress (January 2011–January 2013)

The Constitution prescribes Congressional apportionment based on decennial census population data. Each state has at least one Representative, no matter how small its population. Since 1941, distribution of Representatives has been based on total U.S. population, so that the average population per Representative has the least possible variation between one state and any other. Congress fixes the number of voting Representatives at each apportionment. States delineate the district boundaries. The first House of Representatives in 1789 had 65 members; currently there are 435. There are non-voting delegates from American Samoa, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

- | | | |
|----|----|----|
| 1 | 15 | 29 |
| 2 | 16 | |
| 3 | 17 | |
| 4 | 18 | |
| 5 | 19 | |
| 6 | 20 | |
| 7 | 21 | |
| 8 | 22 | |
| 9 | 23 | |
| 10 | 24 | |
| 11 | 25 | |
| 12 | 26 | |
| 13 | 27 | |
| 14 | 28 | |



ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

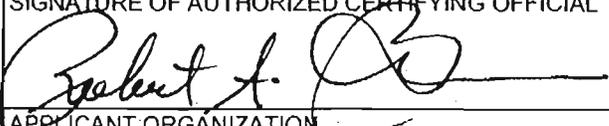
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

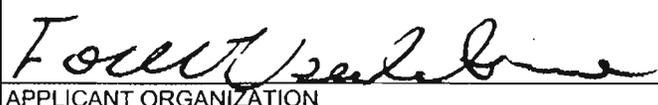
As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 		TITLE Co-Executive Director / Chief Election Official	
APPLICANT ORGANIZATION New York State Board of Elections		DATE SUBMITTED July 13, 2011	

Standard Form 424B (Rev. 7-97) Back

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 		TITLE Co-Executive Director / Chief Election Official	
APPLICANT ORGANIZATION New York State Board of Elections		DATE SUBMITTED July 13, 2011	

Standard Form 424B (Rev. 7-97) Back



James A. Walsh
Co-Chair

Gregory P. Peterson
Commissioner

Todd D. Valentine
Co-Executive Director

STATE BOARD OF ELECTIONS

40 STEUBEN STREET
ALBANY, N.Y. 12207-2108
Phone: 518/474-6336 Fax: 518/474-1008
URL: <http://www.elections.state.ny.us>

Douglas A. Kellner
Co-Chair

Evelyn J. Aquila
Commissioner

Stanley L. Zalen
Co-Executive Director

June 17, 2011

U.S. Election Assistance Commission
1201 New York Avenue, NW – Suite 300
Washington, DC 20005

Dear Ms. Holman Evans:

Attached please find the New York State Board of Elections response to the U.S. Election Assistance Commission's management decision of the audit performed by the independent certified public accounting firm of Clifton Gunderson LLP (Clifton Gunderson) of the administration of Help America Vote Act funds by New York (report no. E-HP-NY-08-10) as requested in your correspondence dated May 5, 2011.

In its audit of the New York State Board of Elections, Clifton Gunderson concluded that, except for findings addressed below, that the Board of Elections generally accounted for and expended HAVA funds in accordance with the HAVA requirements and complied with the financial management requirements established by the U.S. Election Assistance Commission and also complied with section 251 requirements. The corrective actions taken are based on the auditors recommendations and U.S. Election Assistance Commission guidance.

Finding I. HAVA Section 251 State Match

The BOE established an election fund to hold HAVA funds in accordance with the requirements of HAVA Section 254. The HAVA also requires that the election fund hold the five percent state matching funds that enabled New York to qualify for federal HAVA Section 251 funds. Furthermore interest earned from the investment of the money in the election fund must also be deposited into the election fund. The timely deposit of the state match and of monthly interest earnings increases the election fund balance upon which each subsequent month's interest earnings is based, resulting in a compounding effect that adds additional funds to the program.

BOE determined that the state had a requirement to provide matching funds totaling \$9,052,509 to be eligible to receive Section 251 funds. However, the state did not deposit the matching funds into its election fund. The matching funds were appropriated by the state, but remained in the general fund until expended. The state partially met its match by requiring counties to contribute 5 percent of the cost of voting equipment purchased by the state on behalf of the counties as well as through state funded HAVA related expenditures. New York's Office of General Services (OGS), the office that tracks HAVA financial activity, calculated that, as of April 30, 2010, the state and its counties had only expended \$8,462,457 against the state matching requirement, resulting in a shortfall of \$590,052. Further, the state did not transfer any interest earned on the balances in the general funds into the HAVA election fund as required. The state estimated that the lost interest was \$1,017,958 as of April 30, 2010.

Response:

The BOE understands that the state had not deposited or expended its matching funds timely and that as a result there is a shortfall in the state match and that interest that would have accrued on that match has been lost. At that time, we had not been advised that our state's plan to meet its matching requirement was inappropriate. We believe we have addressed the recommendations regarding the matching funds shortfall and lost interest earnings in the EAC Audit.

Attached are two documents detailing information regarding NYS meeting its requirements for matching funds. The first report shows that \$5,712,431.14 in matching funds have been received from the counties. These amounts have been deposited into the Match Account. The second attachment has two tabs. The first details by date all 'In Kind' expenditures along with interest actually accrued on matching funds deposited and lost interest for funds that were not deposited on day one. The second tab summarizes all of this data to show that between county deposits and in kind payments NYS has exceeded the matching fund requirement (match amount + interest) by \$1.7 million.

Finding II. Personnel Certifications

The BOE used HAVA funds to pay salaries for employees during the periods from May 4, 2006 through December 26, 2007 and July 23, 2009 through April 30, 2010. Between May 4, 2006 and December 26, 2007, the BOE charged the HAVA fund \$495,602 for the full salaries for personnel who worked on HAVA activities. These charges were not supported by semi-annual certifications that the employees worked only on HAVA-related activities or by other documentation such as timecards that showed that the employees worked on HAVA related activities. Beginning in 2009, BOE required HAVA funded employees to prepare timesheets that included information supporting that the staff worked solely on HAVA projects. BOE officials said that they were not aware of the requirement to prepare semi-annual certifications. After we advised BOE of this requirement they prepared semi-annual certifications dated June 10 and 11, 2010, for the employees who were paid with HAVA funds between May 4, 2006 and December 26, 2007.

Response:

Beginning in 2009, The Board has required all HAVA funded employees to prepare timesheets that include information supporting the time that the staff worked solely on HAVA projects and required all NYS funded employees working on HAVA related tasks to also prepare timesheets that include information supporting the time that the staff worked on HAVA projects. These HAVA related timesheets are certified by the Unit Heads on a monthly basis.

To date, the EAC has not provided any recommended corrective actions regarding the untimely completion of the semi-annual certifications and the lack of other documentation for the 2006 to 2007 period personnel costs paid with HAVA funds. After being advised of this requirement, semi-annual certifications dated June 10 and 11, 2010, for the employees who were paid with HAVA funds between May 4, 2006 and December 26, 2007 were completed. At this time, all HAVA related payroll has been certified.

Finding III. Property Records

The inventory records for the BOE HAVA funded State voter Registration System (SVRS) equipment did not contain all of the elements required by the Common Rule as explained below. The records did not list the source of the property, who holds the title, the percentage of federal participation, and the condition.

Response:

The inventory records for the BOE HAVA funded State voter Registration System (SVRS) equipment has been modified and now includes all of the elements required by the Common Rule including the source of the property, who holds the title, the percentage of federal participation, and the condition.

If you have any questions or require any additional information, please contact me at (518) 474-6336.

Sincerely

(b) (6)

Thomas A. Jarose
Associate Personnel Administrator

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended March 31, 2010

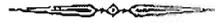


Thomas P. DiNapoli
STATE COMPTROLLER

STATE OF NEW YORK



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



For Fiscal Year Ended
March 31, 2010



*Prepared by the Office of the
State Comptroller*



Thomas P. DiNapoli

Table of Contents

INTRODUCTORY SECTION

Letter from the Comptroller	7
Financial Overview	9
Certificate of Achievement	12
New York State Organization Chart	13
Selected State Officials	13

FINANCIAL SECTION

Independent Auditors' Report	16
------------------------------------	----

MANAGEMENT'S DISCUSSION AND ANALYSIS (<i>unaudited</i>)	19
--	----

BASIC FINANCIAL STATEMENTS

Statement of Net Assets	31
Statement of Activities	32
Balance Sheet—Governmental Funds	34
Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Assets	35
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)— Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)—Governmental Funds to the Statement of Activities	37
Statement of Net Assets (Deficits)—Enterprise Funds	38
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits)— Enterprise Funds	39
Statement of Cash Flows—Enterprise Funds	40
Statement of Fiduciary Net Assets—Fiduciary Funds	42
Statement of Changes in Fiduciary Net Assets—Fiduciary Funds	43
Combining Statement of Net Assets—Discretely Presented Component Units	44
Combining Statement of Activities—Discretely Presented Component Units	46
Notes to the Basic Financial Statements	49

REQUIRED SUPPLEMENTARY INFORMATION

 (*unaudited*)

Budgetary Basis—Financial Plan and Actual—Combined Schedule of Cash Receipts and Disbursements—Major Funds— General Fund and Federal Special Revenue Fund	96
Notes to Budgetary Basis Reporting	98
Infrastructure Assets Using the Modified Approach	100
Schedule of Funding Progress—Other Postemployment Benefits	102

OTHER SUPPLEMENTARY INFORMATION

General Fund

Narrative	105
Combining Schedule of Balance Sheet Accounts	106
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Accounts	108

Federal Special Revenue Fund

Narrative	111
Combining Schedule of Balance Sheet Accounts	112
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts . . .	114

General Debt Service Fund

Narrative	117
Combining Schedule of Balance Sheet Accounts	118
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts . . .	119
Schedule of Cash Receipts and Disbursements—Budgetary Basis— Financial Plan and Actual	120

Other Governmental Funds

Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	123
Combining Schedule of Cash Receipts and Disbursements—Budgetary Basis— Financial Plan and Actual	124

Special Revenue Funds

Narrative	127
Combining Balance Sheet—Other Governmental Funds	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)— Other Governmental Funds	130
Combining Schedule of Cash Receipts and Disbursements—Budgetary Basis— Financial Plan and Actual—Other Governmental Funds	132

Debt Service Funds

Narrative	135
Combining Balance Sheet—Other Governmental Funds	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)— Other Governmental Funds	138
Combining Schedule of Cash Receipts and Disbursements—Budgetary Basis— Financial Plan and Actual—Other Governmental Funds	140

Capital Projects Funds

Narrative	143
Combining Balance Sheet—Other Governmental Funds	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)—Other Governmental Funds	146
Combining Schedule of Cash Receipts and Disbursements—Budgetary Basis— Financial Plan and Actual—Other Governmental Funds	148

Fiduciary Funds

Narrative	153
Combining Statement of Fiduciary Net Assets—Private Purpose Trusts	154
Combining Statement of Changes in Fiduciary Net Assets—Private Purpose Trusts	155
Combining Statement of Fiduciary Net Assets—Agency Funds	156
Combining Statement of Changes in Assets and Liabilities—Agency Funds	158

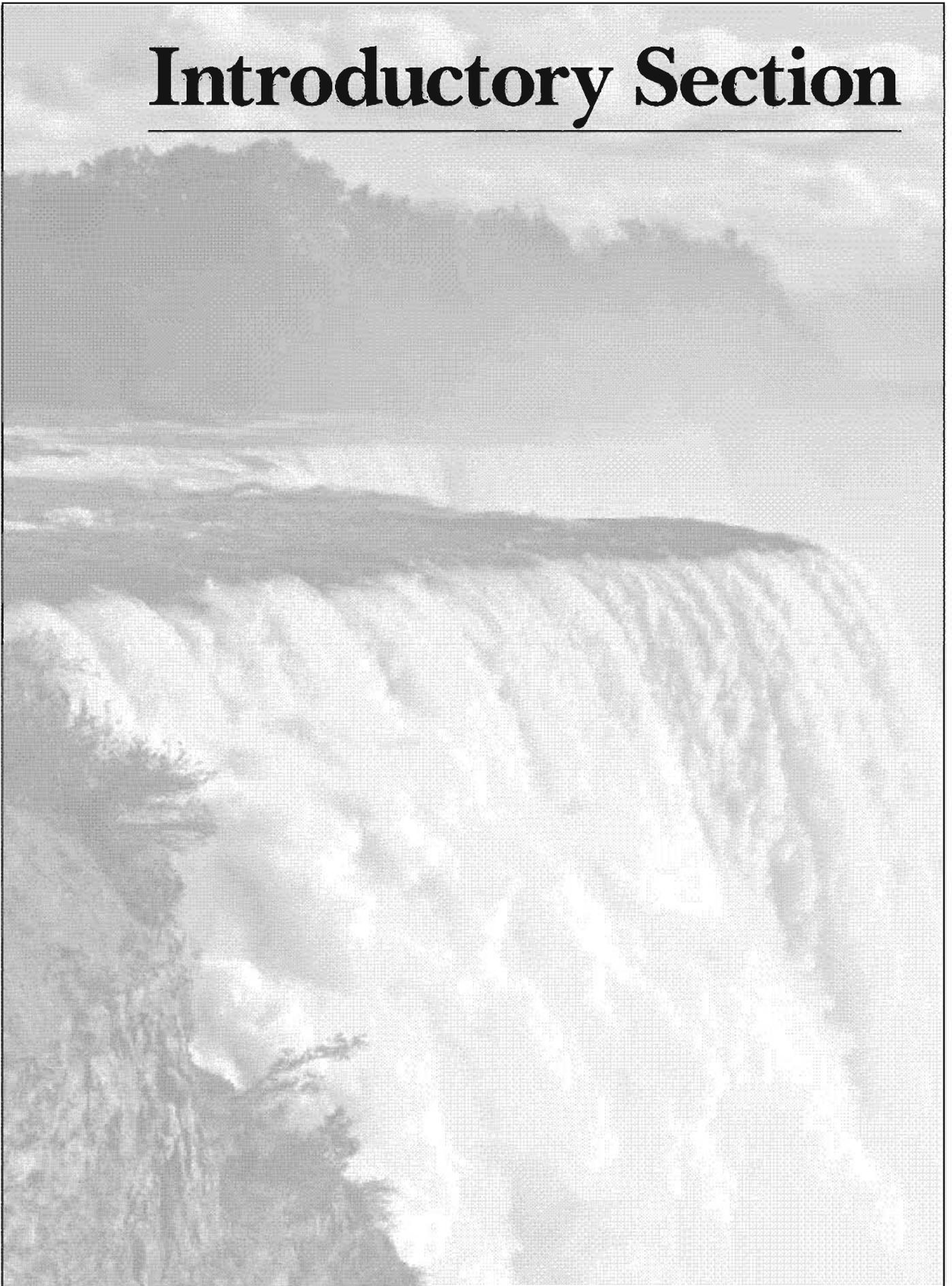
Non-Major Component Units

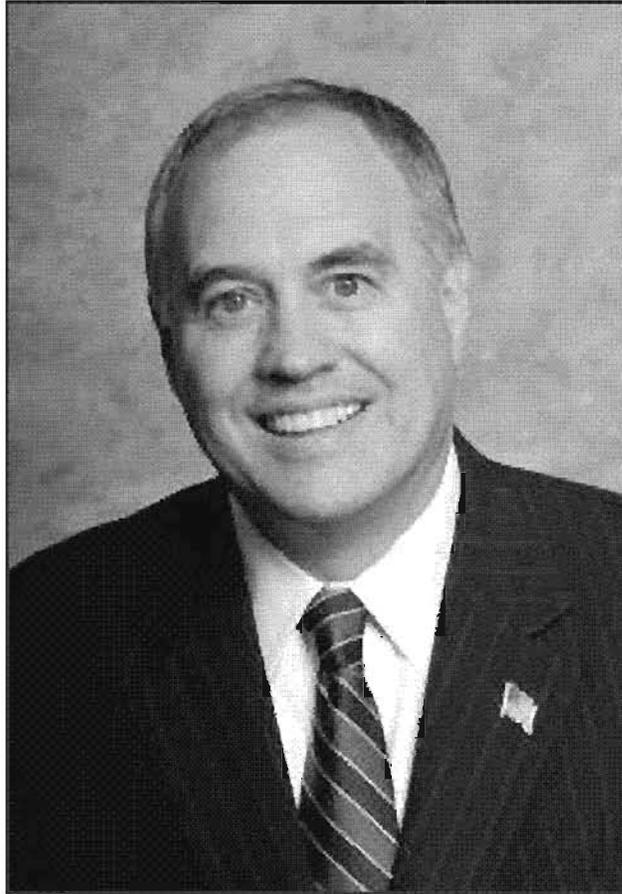
Narrative	163
Combining Statement of Net Assets (Deficits)—Discretely Presented Non-Major Component Units	164
Combining Statement of Activities—Discretely Presented Non-Major Component Units	166

STATISTICAL SECTION

Changes in Fund Balances—Governmental Funds—Last Eight Fiscal Years	170
Net Assets by Component—Last Eight Fiscal Years	172
Changes in Net Assets—Last Eight Fiscal Years	174
Fund Balances—Governmental Funds—Last Eight Fiscal Years	178
Tax Receipts by Source—Governmental Funds—Last Ten Fiscal Years	178
Program Revenues by Function/Program—Last Eight Fiscal Years	180
New York State and Local Retirement System—Changes in Net Assets— Last Ten Fiscal Years	180
Personal Income Tax Filers and Liability by Income Level—For Nine Years Stated	182
Personal Income by Industry—Last Nine Calendar Years	184
Personal Income Tax Rates—Last Ten Calendar Years	186
Ratios of Outstanding Debt by Type—Last Nine Fiscal Years	187
Legal Debt Margin Information—Last Nine Fiscal Years	188
Ratios of General Obligation Debt Outstanding and Legal Debt Margin— Last Nine Fiscal Years	190
Pledged Revenue Coverage—Ten Fiscal Years Stated	192
Ratios of General Bonded Debt Outstanding—Last Nine Fiscal Years	193
Government Employees by Level of Government—New York State 1999–2008	193
Demographic and Economic Statistics I—Last Ten Calendar Years	194
Demographic and Economic Statistics II—Last Ten Calendar Years	194
Employment by Industry—Eight Years Stated	196
Select State Agency Employment—March 2010	198
Operating Indicators—Last Nine Years	198
Capital Asset Balances by Function—Last Eight Fiscal Years	200
Membership by Type of Benefit Plan—As of March 31, 2010	202
Principal Participating Employers—Ten Most Recent Fiscal Years	202

Introductory Section





THOMAS P. DINAPOLI
State Comptroller



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 1, 2010

**To the Citizens, Governor and Members of the
Legislature of the State of New York:**



It is my responsibility to present the Comprehensive Annual Financial Report for the State of New York for the fiscal year ended March 31, 2010.

Like most states, New York continues to struggle with the fiscal challenges associated with the worst economic crisis since the Great Depression. However, in addition to economic conditions outside of the State's control, New York entered the Great Recession with a pre-existing structural budget deficit that further worsened the State's financial position. The State continues to be overly reliant on non-recurring, temporary and risky resources to balance its budgets. This has left the State with a diminished capacity to confront any further economic instability.

The State Fiscal Year (SFY) 2009-10 Enacted Budget deferred many difficult decisions and failed to enact the reforms necessary to achieve long-term fiscal stability. Likewise, the SFY 2010-11 Budget continues to rely on federal stimulus funds, other temporary resources and improbable revenue sources while failing to fundamentally align recurring spending with recurring revenue.

The State also continues to incur debt at a rate that is unsustainable. As a result, debt service is one of the fastest growing categories of the budget, with a large portion of the increase attributable to new debt issued for non-capital needs, including deficit financing and budget relief. Further, nearly all of this debt has been issued by public authorities without voter approval.

The need for comprehensive fiscal reform is compelling. Despite the spending cuts and revenue increases in the enacted budget, formidable future year budget gaps are assured. New York must not continue to limp from one crisis to the next. Only by making difficult decisions can New York address its structural deficit and ensure long term prosperity.

Signed,

A handwritten signature in black ink, appearing to read "Tom DiNapoli".

Thomas P. DiNapoli
State Comptroller



FINANCIAL OVERVIEW

This report has been prepared by the Office of the State Comptroller, as required by Chapter 405, Laws of 1981, in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, included within this Comprehensive Annual Financial Report rests with the Office of the State Comptroller.

The basic financial statements contained in this report have been audited by KPMG, LLP. Their audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS) and their auditors' report precedes the basic financial statements. An independent audit provides reasonable assurance that the State's basic financial statements for the year ended March 31, 2010 are free of material misstatement. Independent audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal controls over financial reporting. The independent auditor believed that their audit provided a reasonable basis for rendering an unqualified opinion that the State's basic financial statements for the fiscal year ended March 31, 2010 are fairly presented in conformity with GAAP.

The basic financial statements include a narrative introduction, overview, and analysis that is required by GAAP and referred to as Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the independent auditors' report.

Profile of New York State

New York State was one of the original 13 states, ratifying the United States Constitution and entering the Union on July 26, 1788. The State has a land area of 49,576 square miles and the largest park system (home of the Adirondack Park) in the nation. Geographically, New York State is divided into 62 counties (five of which are boroughs of New York City). Within these counties are 62 cities (including New York City), 932 towns, 554 villages and 702 school districts. The State's major economic sectors are the industrial-commercial, service, and agricultural sectors.

New York's government comprises three branches—executive, legislative and judicial. The executive branch includes the Executive (including 20 State departments), the Department of Audit and Control, and the Department of Law, which are headed respectively by the Governor, Comptroller and Attorney General. With the exception of the departments of Audit and Control and Law, which report to their respective elected officials, the departments of the State report to the Governor. The legislative branch comprises two houses, the Senate with 62 senators and the Assembly with 150 members. Members of the Legislature are elected to two-year terms.

The Chief Judge of the Court of Appeals, which is the highest court of the State, heads the judicial branch. The Governor, with the advice and consent of the Senate, appoints the Chief Judge and six Associate Judges to 14-year terms. In New York State, the courts of original jurisdiction, or trial courts, hear cases in the first instance and the appellate courts hear appeals from the decisions of other courts.

Economic Condition and Outlook

Throughout much of 2009, the national economy remained in the grip of the most serious recession since the Great Depression. The recession, which had its roots in a severe downturn in the housing market that led into a worldwide financial crisis, resulted in large job losses, a significant reduction in economic output, and sharply reduced consumer confidence and spending. Due in part to stimulus spending by the federal government (including tax cuts, infrastructure spending, and aid to state and local governments), growth in the gross domestic product (GDP) resumed in the third quarter of 2009. Job growth was slower to resume, with employment declines continuing through December 2009, when cumulative losses reached 8.4 million jobs. Between December 2009 and May 2010, the nation regained 1 million jobs, but almost half of these new jobs were temporary jobs associated with the decennial census.

In some respects, the recession was not as severe in New York State as it was elsewhere in the nation. Economic output, as measured by GDP growth, was less affected in New York than in the nation. Job losses also began later in the State, where the decline was less (4.2 percent) than it was in the nation (6.1 percent). Wages and incomes in New York, however, were more affected by the recession than the rest of the nation, reflecting the importance of the financial sector to New York's economy and tax revenues. After more than \$54 billion in cumulative losses incurred in 2007 and 2008, Wall Street rebounded sharply in 2009, helped by federal government bailouts, the Federal Reserve's low interest rate policy, changes in accounting rules, and other government programs. Securities industry profits reached a record \$61.4 billion in 2009—almost triple that of the previous record, set in 2000. Despite the rebound in profitability, the financial sector was slow to begin adding jobs (job losses continued through March 2010), and income levels have not yet recovered from the losses experienced in 2008.

The Reporting Entity and Its Services

The funds and entities included in this Comprehensive Annual Financial Report are those for which the State is accountable, based on criteria for defining the financial reporting entity prescribed by the GASB. The criteria include: legal standing, fiscal dependency and financial accountability. Based on these criteria, the various funds and entities shown in this report are considered as part of the reporting entity (see Notes 1 and 14 of the Notes to the Basic Financial Statements).

The State provides a range of governmental services in such areas as education, social services, health and environment, criminal justice, transportation, mental hygiene, and housing, among others, and also administers the New York State and Local Retirement System.

Component Units

Component units are discretely presented and reported as public benefit corporations (Corporations), which includes Public Authorities, and are legally separate entities that are not operating departments of the State. Corporations have been established for a variety of purposes such as economic development, capital construction, financing, and public transportation. The powers of the Corporations generally are vested in their governing boards. The Governor, with the approval of the State Senate, appoints a majority of the members of the Board of most major Corporations, and either the Governor or the Board selects the chairperson and chief operating officer. Corporations are not subject to the State constitutional restrictions on the incurrence of debt which apply to the State, and may issue bonds and notes within legislatively authorized amounts.

Corporations submit annual reports on their operations and finances accompanied by an independent auditors' report to the Governor, the Legislature and the State Comptroller. Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided financial assistance, in some cases of a recurring nature, to certain Corporations for operating and other expenses, and in fulfillment of its commitments on moral obligation indebtedness. The Corporations have been presented in the accompanying financial statements as component units of the State. The amounts presented in this report were derived from the Corporations' most recent audited financial statements. At year-end these entities reported net assets of \$37.8 billion. For further information, refer to Note 14 of the Notes to the Basic Financial Statements.

Budgetary and Other Control Systems

The State Constitution requires the Governor to submit a cash basis balanced Executive Budget that contains a complete plan of expenditures for the ensuing fiscal year, and identifies the anticipated revenues sufficient to meet the proposed expenditures. Included in the proposed budget are provisions for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes both cash basis and GAAP basis financial plans for the ensuing fiscal year, as well as a three-year financial projection for governmental funds and a five-year capital plan. The accounting policies used in developing the GAAP basis financial plans are generally consistent with those used in preparing the annual GAAP financial statements. Generally, the financial plans are updated quarterly. The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved. Expenditures are controlled at the major object level (e.g., personal service, grants to local governments) within each program or project of each State agency in accordance with the underlying approved appropriation bills.

In developing the State's accounting system, consideration was given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived. The State's internal accounting controls are periodically tested to ensure adherence to internal control policies and procedures.

In 1987 the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act, which commits the State to enhancing existing systems of internal controls in all State governmental entities. As a result, there is now a requirement for managers in all branches and components of government to maintain comprehensive internal control systems and to regularly evaluate the effectiveness and adequacy of these systems by internal reviews and external audits. Finally, the legislation promotes accountability by assuring that all external audits are made available to the public.

General Governmental Results

An operating deficit of \$594 million is reported in the General Fund for the fiscal year ended March 31, 2010. As a result, the General Fund now has an accumulated fund deficit of \$3.5 billion. The State completed its fiscal year ended March 31, 2010 with a combined Governmental Funds operating surplus of \$123 million as compared to a combined Governmental Funds operating deficit in the preceding fiscal year of \$8 billion. The combined operating surplus of \$123 million for the fiscal year ended March 31, 2010 included an operating surplus in the Federal Special Revenue Fund of \$1 million, in the General Debt Service Fund of \$83 million and in the Other Governmental Funds of \$633 million, offset by an operating deficit in the General Fund of \$594 million. For further information, refer to the MD&A which immediately follows the independent auditors' report.

The State's financial position as shown in its Governmental Funds Balance Sheet as of March 31, 2010 includes a fund balance of \$3.9 billion represented by liabilities of \$28.1 billion and by assets available to liquidate such liabilities of \$32 billion. The Governmental Funds fund balance includes a \$3.5 billion accumulated deficit General Fund balance.

Certificate of Achievement

The Office of the State Comptroller was honored for the 21st consecutive year to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the State's 2009 Comprehensive Annual Financial Report. This prestigious award represents the highest form of recognition in the area of governmental financial reporting, and reflects a commitment by the Office of the State Comptroller to communicate the State's financial results and position clearly to the taxpayers through public disclosure.

Acknowledgments

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. I especially appreciate the professionalism and dedication demonstrated by my staff in the preparation of this report.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

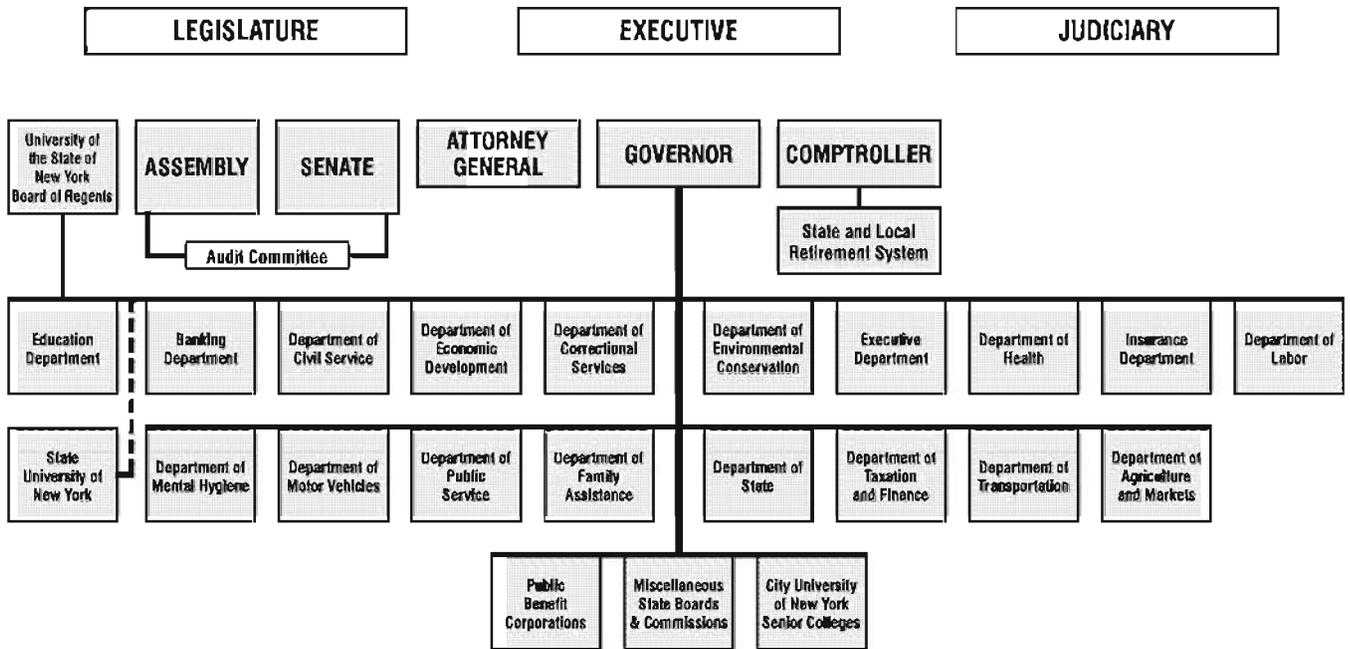


A stylized, handwritten signature in black ink, appearing to read "J. Enos".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director



**STATE OF NEW YORK
Selected State Officials**

Executive _____

David A. Paterson, Governor • Richard Ravitch, Lieutenant Governor • Thomas P. DiNapoli, State Comptroller
Andrew M. Cuomo, Attorney General

Judicial _____

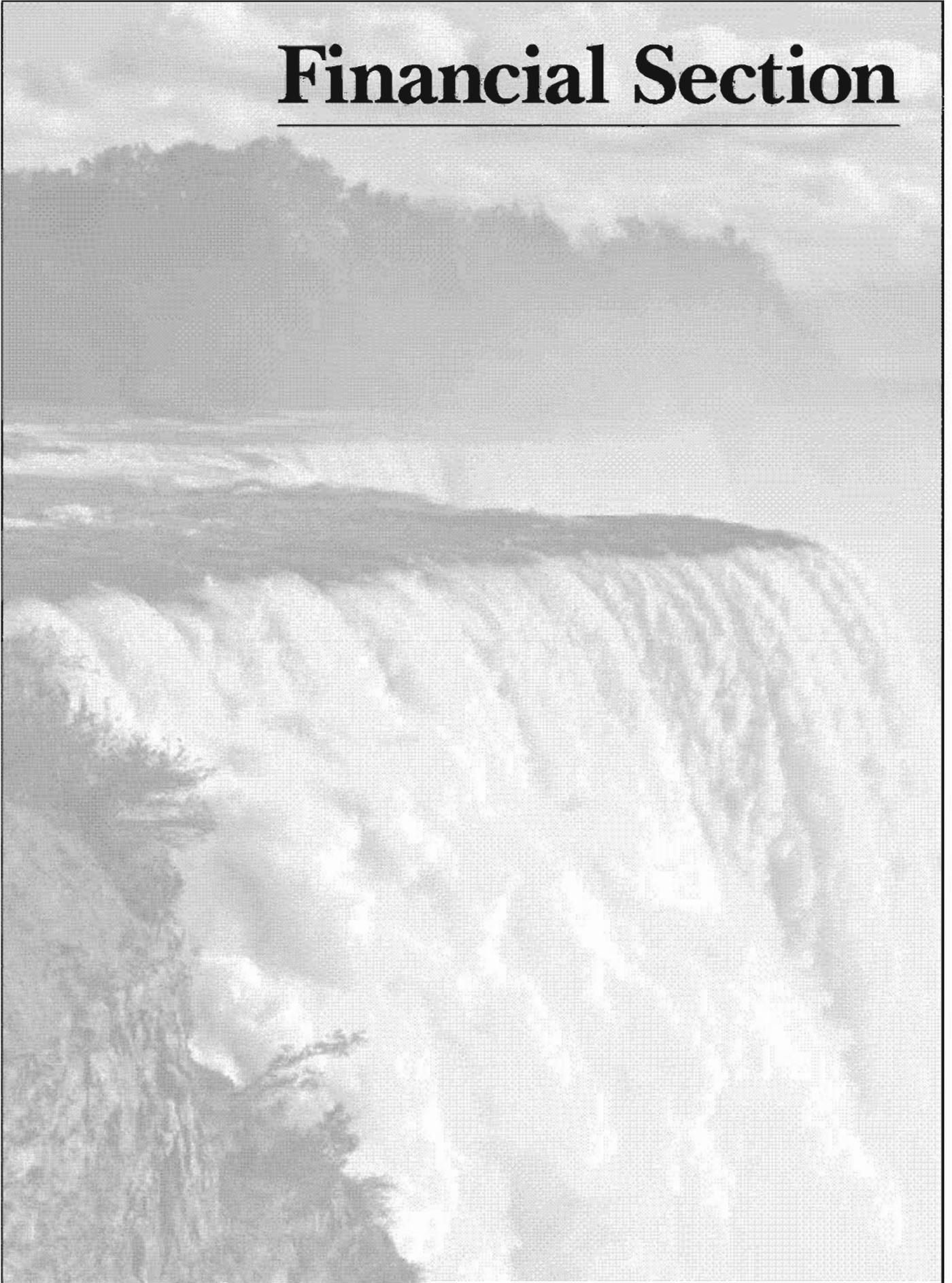
Jonathan Lippman, Chief Judge of the Court of Appeals of New York

Legislative _____

Malcolm A. Smith, Temporary President of the Senate • Sheldon Silver, Speaker of the Assembly
Dean G. Skelos, Senate Minority Leader • Brian M. Kolb, Assembly Minority Leader



Financial Section





KPMG LLP
515 Broadway
Albany, NY 12207

Independent Auditor's Report

The Audit Committee
New York State Legislature:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York (the State), as of and for the year ended March 31, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units identified in note 14, the State University of New York, the Tuition Savings Program or the Port Authority of New York and New Jersey. The certain discretely presented component units represent 58% of the total assets and 65% of the total revenues of the aggregate discretely presented component unit amounts. The State University of New York represents 100% of the total assets and total revenues of the SUNY fund and 56% of the total assets and 21% of the total revenues of the business-type activities. The Tuition Savings Program represents 5% of the total assets and 7% of the total revenues (including additions) of the aggregate remaining fund information. The Port Authority of New York and New Jersey represents 100% of the information disclosed in note 15. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinions, insofar as they relate to the amounts and disclosures included for those component units, the State University of New York, the Tuition Savings Program and the Port Authority of New York and New Jersey, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Lottery, a major enterprise fund, and of certain discretely presented component units identified in note 14, were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York, as of March 31, 2010, and



the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2010 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New York's basic financial statements. The introductory section, other supplementary information section, and the statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

July 23, 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

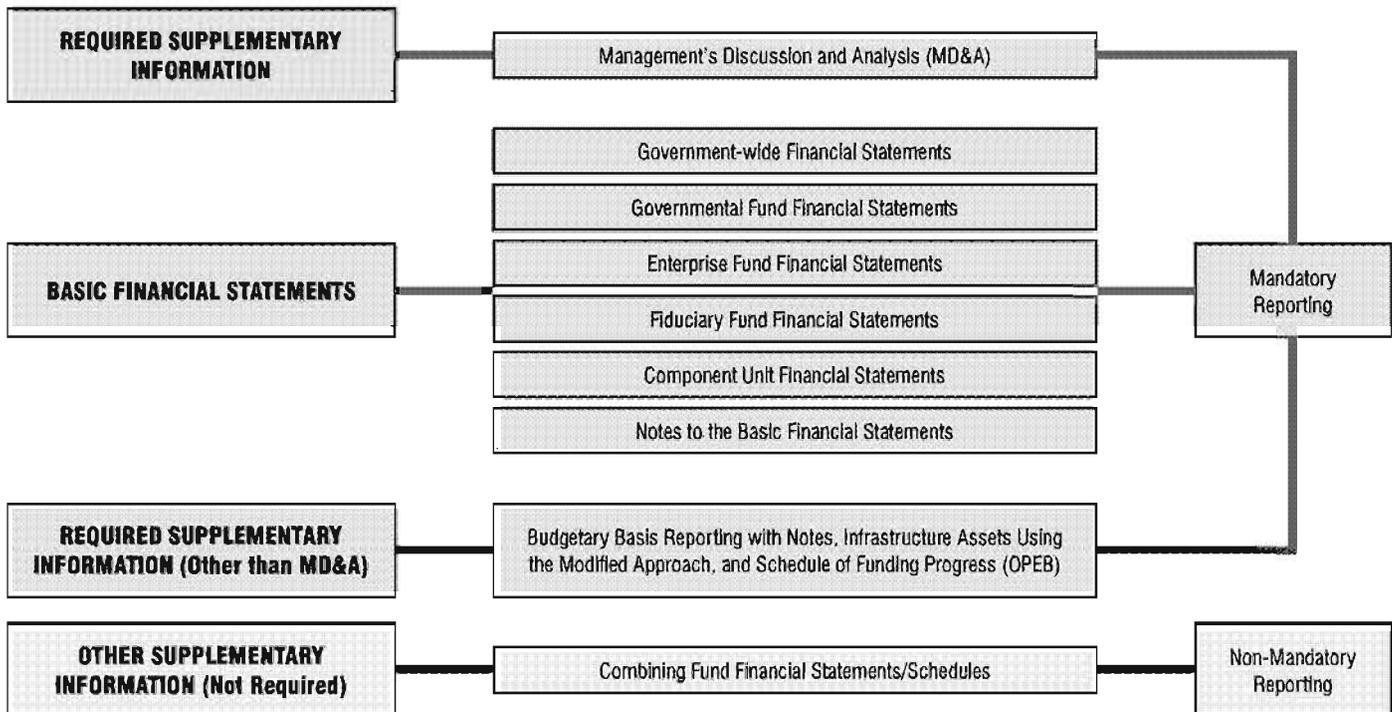
Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of New York for the fiscal year ended March 31, 2010. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to (a) assist the reader in focusing on significant financial matters, (b) provide an overview of the State's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

- New York State reported net assets of \$28.1 billion, comprised of \$131.3 billion in total assets offset by \$103.2 billion in total liabilities (Table 1).
- The State's net assets decreased by \$5.8 billion as a result of this year's operations. The net assets for governmental activities decreased by \$2.9 billion (9.4 percent) and net assets of business-type activities decreased by \$2.9 billion (96.2 percent) (Table 2).
- The State's governmental activities had total revenues of \$125.9 billion, which were less than total expenses of \$126.7 billion, excluding transfers to business-type activities of \$2.2 billion, by \$760 million (Table 2).
- The total cost of all the State's programs, which includes \$27.8 billion in business-type activities, was \$154.5 billion (Table 2).
- The General Fund reported a deficit this year of \$594 million, which increased the accumulated fund deficit to \$3.5 billion.
- The State reported additional Federal funding of \$11.7 billion for Medicaid, unemployment benefits, education and other programs from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2010.
- Total debt outstanding at year-end was \$55.3 billion, comprised of \$45.9 billion in governmental activities and \$9.4 billion in business-type activities (Table 5).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and supplementary information. The Statement of Net Assets and the Statement of Activities (on pages 31 and 32, respectively) provide information about the activities of the State as a whole and present a longer-term view of the State's finances. Fund financial statements start on page 34. For governmental activities, these statements show how services were financed in the short-term, as well as how much may remain for future spending. Fund financial statements also report the State's operations in more detail than the government-wide statements by providing information about the State's most significant funds. The remaining statements provide financial information about activities for which the State acts solely as a trustee for the benefit of those outside the government and about public benefit corporations for which the State is accountable. The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the State, as a whole, begins on page 22. One of the most important questions asked about the State's finances is: "Is the State, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the State as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash was received or paid.

These two statements report the State's net assets and changes to them. One can think of the State's net assets—the difference between assets and liabilities—as one way to measure the State's financial health, or financial position. Over time, increases or decreases in the State's net assets are one indicator of whether its financial health is improving or deteriorating. One may need to consider other non-financial factors, such as changes in the State's tax structure, population, employment, and the condition of the State's roads, bridges and buildings, in order to assess the overall health of the State.

In the Statement of Net Assets and the Statement of Activities, operations of the State are divided into three kinds of activities:

- **Governmental Activities**—Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, transfer of lottery revenues, and bond proceeds finance most of these activities.
- **Business-type Activities**—The State charges a fee to customers to help it cover all or part of the cost of certain services it provides. The State's Lottery Fund, Unemployment Insurance Benefit Fund, the State University of New York (SUNY) and the City University of New York (CUNY) Senior Colleges are reported here.

- **Component Units**—The State includes 45 separate legal entities in its report, as disclosed in Notes 1 and 14 of the Notes to the Basic Financial Statements. Although legally separate, these “component units” are important because the State is financially accountable for them and may be affected by their financial well-being. In addition, the State blends two other component units in the governmental activities because they provide services exclusively to the State.

Reporting the State’s Most Significant Funds

Fund Financial Statements

Financial statements prepared at the fund level provide additional detail about the State’s financial position and activities. By definition, funds are accounting entities with a self-balancing set of accounts created for the purpose of carrying on specific activities or achieving specific goals. Information presented in the fund financial statements differs from the information presented in the government-wide statements because the perspective and basis of accounting used to prepare the fund financial statements are different than the perspective and basis of accounting used to prepare the government-wide statements. The State’s governmental and proprietary fund types use different perspectives and accounting bases. The funds presented in the fund financial statements are categorized as either major or non-major funds as required by generally accepted accounting principles (GAAP). The State uses three fund types for operations – governmental, proprietary and fiduciary. The analysis of the State’s major funds begins on page 24. The fund financial statements begin on page 34 and provide detailed information about the most significant funds, not the State as a whole.

- **Governmental Funds**—Most of the State’s basic services and expenditures are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Assets and liabilities that do not impact current financial resources within 12 months after fiscal year-end, such as capital assets and long-term liabilities, are not recognized in the governmental funds statements. The governmental funds statements provide a detailed short-term view of the State’s general government operations and the basic services the State provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State’s programs. The relationships (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds are presented in the reconciliations following the fund financial statements.
- **Proprietary Funds**—These funds are utilized when the State charges customers to recover its costs of providing services. Proprietary funds report on business-type activities, which include enterprise type funds and internal service type funds. The State has no internal service type funds on a GAAP basis and, therefore, has only one proprietary fund type—Enterprise. The State’s enterprise funds are the same as the business-type activities reported in the government-wide statements. Proprietary funds statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In addition to a Statement of Net Assets (Deficits) and a Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits), Proprietary Funds are also required to report a Statement of Cash Flows (page 40).

Reporting the State’s Fiduciary Responsibilities

The State is the trustee, or fiduciary, for its employees’ pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All the State’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 42 and 43, respectively. We exclude these activities from the State’s government-wide financial statements because the State cannot use these assets to finance its operations. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Component Units of the State

The State has created numerous public benefit corporations—two of which provide services exclusively to the State government itself, the New York Local Government Assistance Corporation (LGAC) and the Tobacco Settlement Financing Corporation (TSFC), and the rest of which also provide services directly to citizens. The financial position and activities of the LGAC and the TSFC have been blended within the Statement of Net Assets and Statement of Activities in the governmental activities column and in the governmental funds. The financial position and activities of the public benefit corporations that provide services directly to citizens have been presented in the Statement of Net Assets and Statement of Activities under the component units’ column and also in more detail in the component units’ Combining Statement of Net Assets and component units’ Combining Statement of Activities. These component units have been discretely presented in the State’s financial statements because their nature and significance to the State cause them to have an effect on the fiscal condition of the State and the State is accountable for them.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental entities are required by GAAP to report on their net asset condition. The Statement of Net Assets presents the value of all of New York State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of changes in a government's financial position. The State reported net assets of \$28.1 billion, comprised of \$64.3 billion in capital assets net of related debt, and \$3.8 billion in restricted net assets, offset by an unrestricted net assets deficit of \$39.9 billion.

Net assets reported for governmental activities decreased by \$2.9 billion from a year ago, decreasing from \$30.9 billion to \$28 billion. Unrestricted net assets for governmental activities—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—had a deficit of \$38.5 billion at March 31, 2010. The following table (Table 1) was derived from the current and prior year government-wide Statements of Net Assets.

Table 1
Net Assets as of March 31, 2010 and 2009
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets:						
Non-capital assets:						
Cash and investments	\$ 10,715	\$ 9,631	\$ 5,885	\$ 6,831	\$ 16,600	\$ 16,462
Receivables, net	19,000	15,859	3,950	3,573	22,950	19,432
Other	843	965	220	219	1,063	1,184
Total non-capital assets	30,558	26,455	10,055	10,623	40,613	37,078
Capital assets	81,435	80,419	9,206	8,445	90,641	88,864
Total assets	111,993	106,874	19,261	19,068	131,254	125,942
Liabilities:						
Liabilities due within one year	28,739	24,672	6,325	4,190	35,064	28,862
Liabilities due in more than one year	55,278	51,308	12,820	11,847	68,098	63,155
Total liabilities	84,017	75,980	19,145	16,037	103,162	92,017
Net assets (deficit):						
Invested in capital assets, net of related debt	63,797	63,476	468	569	64,265	64,045
Restricted	2,664	2,838	1,100	2,042	3,764	4,880
Unrestricted (deficit)	(38,485)	(35,420)	(1,452)	420	(39,937)	(35,000)
Total net assets	\$ 27,976	\$ 30,894	\$ 116	\$ 3,031	\$ 28,092	\$ 33,925

The deficit in unrestricted governmental net assets, which increased by nearly \$3.1 billion in 2010, exists primarily because the State has issued debt for purposes not resulting in a capital asset related to State governmental activities. Such outstanding debt included: securitizing the State's future tobacco settlement receipts (\$3.3 billion); eliminating the need for seasonal borrowing by the LGAC (\$3.6 billion); and borrowing for local highway and bridge projects (\$3.7 billion), local mass transit projects (\$2.1 billion), and a wide variety of grants and other expenditures not resulting in State capital assets (\$12.7 billion). This deficit in unrestricted net assets of governmental activities can be expected to continue for as long as the State continues to have obligations outstanding for purposes other than the acquisition of State governmental capital assets.

Net assets for business-type activities decreased by \$2.9 billion (96.2 percent), to \$116 million in 2010 as compared to \$3 billion in 2009. The decrease in net assets for business-type activities was caused primarily by: unemployment benefit payments for the Unemployment Insurance Fund exceeding employer contributions (\$1.7 billion); SUNY and CUNY Senior College operating expenses exceeding operating revenues and State support (\$1 billion and \$108 million, respectively); and Lottery expenses, including education aid transfers, exceeding revenues (\$109 million).

The following table (Table 2) was derived from the current and prior year government-wide Statements of Activities.

Table 2
Changes in Net Assets for the Fiscal Years Ended March 31, 2010 and 2009
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 11,559	\$ 9,332	\$ 11,892	\$ 11,458	\$ 23,451	\$ 20,790
Operating grants and contributions	50,058	40,401	10,903	5,667	60,961	46,068
Capital grants and contributions	1,240	1,344	48	69	1,288	1,413
General revenues:						
Taxes	58,039	55,804	—	—	58,039	55,804
Other	5,021	4,239	274	570	5,295	4,809
Total revenues	125,917	111,120	23,117	17,764	149,034	128,884
Expenses:						
Education	31,075	32,184	—	—	31,075	32,184
Public health	51,499	47,233	—	—	51,499	47,233
Public welfare	16,226	13,824	—	—	16,226	13,824
Public safety	5,641	6,066	—	—	5,641	6,066
Transportation	8,112	7,164	—	—	8,112	7,164
Other	14,124	14,396	—	—	14,124	14,396
Lottery	—	—	5,221	5,235	5,221	5,235
Unemployment insurance	—	—	10,267	4,562	10,267	4,562
State University of New York	—	—	9,509	8,379	9,509	8,379
City University of New York	—	—	2,847	2,617	2,847	2,617
Total expenses	126,677	120,867	27,844	20,793	154,521	141,660
Decrease in net assets before transfers	(760)	(9,747)	(4,727)	(3,029)	(5,487)	(12,776)
Transfers	(2,158)	(2,226)	1,812	1,845	(346)	(381)
Changes in net assets	(2,918)	(11,973)	(2,915)	(1,184)	(5,833)	(13,157)
Net assets, beginning of year	30,894	42,867	3,031	4,215	33,925	47,082
Net assets, end of year	\$ 27,976	\$ 30,894	\$ 116	\$ 3,031	\$ 28,092	\$ 33,925

Governmental Activities

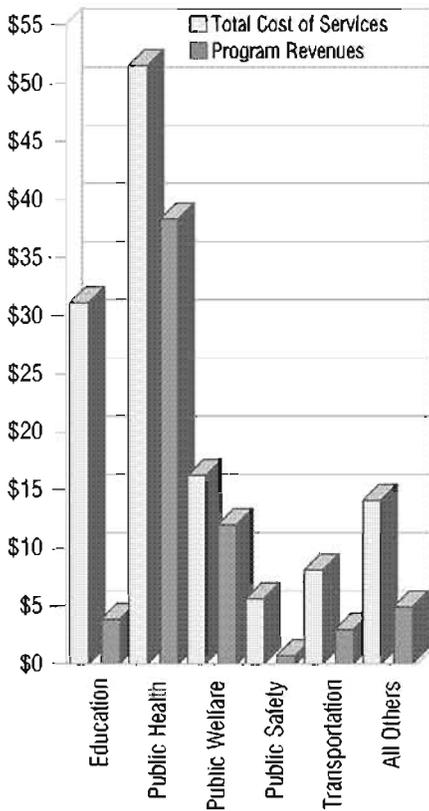
The State's total revenues for governmental activities of \$125.9 billion were less than its total expenses of \$126.7 billion by \$760 million (Table 2). However, as shown in the Statement of Activities on page 32, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenues was \$63.1 billion, including education aid transfers from the State Lottery of \$2.7 billion, grants and contributions of \$51.3 billion, and revenues derived by those who directly benefited from the programs of \$11.6 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants, were \$62.9 billion in 2010. The State paid for the remaining "public benefit" portion of governmental activities with \$58 billion in taxes and \$5 billion in other revenues including investment earnings.

Table 3 presents the cost of State support for each of the State's five largest programs: education, public health, public welfare, public safety, and transportation, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial obligation that was placed upon the State's taxpayers by each of these functions.

Table 3
Governmental Activities for the Fiscal Years Ended March 31, 2010 and 2009
(Amounts in millions)

	2010			2009
	Total Cost of Services	Program Revenues	Net Cost of Services	Net Cost of Services
Education	\$ 31,075	\$ 3,853	\$ 27,222	\$ 28,500
Public health	51,499	38,314	13,185	15,831
Public welfare	16,226	12,021	4,205	4,768
Public safety	5,641	758	4,883	5,585
Transportation	8,112	3,017	5,095	5,006
All others	14,124	4,894	9,230	10,873
Totals	\$ 126,677	\$ 62,857	\$ 63,820	\$ 70,563

**PROGRAM COSTS
VS.
PROGRAM REVENUES**
(AMOUNTS IN MILLIONS)



Business-type Activities

The cost of all business-type activities this year was \$27.8 billion, an increase of \$7 billion as compared to \$20.8 billion in 2009 (Table 2). The increase in expenses for business-type activities was caused primarily by increases in unemployment benefit payments for the Unemployment Insurance Fund. As shown in the Statement of Activities on page 32, the amount reported as transfers that General Fund tax revenues ultimately financed for business-type activities was \$1.8 billion after some activity costs were paid by: those directly benefiting from the programs (\$11.9 billion), and grants and contributions (\$11 billion). The increase in revenues from operating grants and contributions was due to Federal reimbursable benefit programs to provide relief for the sharp increase in unemployment benefit payments. The increase in revenues from charges for services was primarily caused by increases in Lottery ticket sales, increases in SUNY hospitals' inpatient and outpatient revenues and Medicaid Disproportionate Share Program revenue, and increases in student enrollment and tuition rates, residence hall occupancy levels and modest increases in room rates and fee revenues.

THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with legal and finance-related requirements. As the State completed the year, its governmental funds (as presented in the balance sheet on page 34) reported a combined fund balance of \$3.9 billion. Included in this year's total change in fund balance is a deficit of \$594 million in the State's General Fund which resulted from expenditures exceeding revenues by \$9.3 billion, which was offset by transfers to the General Fund. Although the General Fund reported an increase in personal income taxes (\$3.1 billion) and miscellaneous revenues (\$2.1 billion), the General fund also reported a \$115 million decrease in consumption and use taxes, a \$180 million decrease in business tax revenue and a \$215 million decrease in other taxes. The increase in personal income tax was due to the elimination of the middle class School Tax Relief (STAR) rebate program and an increase in withholding and estimated tax payments from the same period last year.

Miscellaneous revenues increased primarily due to a temporary increase in public utility assessments and increased collections of abandoned property. The decline in consumption and use taxes is primarily due to a decrease in sales tax collections from household spending. The decline in business taxes is due to a slowdown in corporate profitability and a decrease in audit and compliance receipts. The increase in General Fund revenues was combined with a \$2.5 billion decrease in expenditures. Local assistance expenditures decreased by nearly \$2.1 billion, due primarily to increased Medicaid assistance from the Federal government and a reduction of local aid spending. State operations decreased \$409 million, due primarily to across-the-board reductions in agency operating budgets. The State ended the 2009-10 fiscal year with a General Fund accumulated deficit fund balance of \$3.5 billion.

The Enterprise Funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The change in net assets of the Enterprise Funds has already been discussed in the preceding discussion of business-type activities.

General Fund Budgetary Highlights

The financial plan, which uses the cash basis of accounting, was updated quarterly throughout the year as required by the State Finance Law. The quarterly updates reflected revisions to the original financial plan based on actual operating results to date and an updated analysis of underlying economic, revenue and spending trends.

General Fund receipts exceeded disbursements by \$353 million in 2009-10. The General Fund ended the fiscal year with a closing cash fund balance of \$2.3 billion, which consisted of \$1.2 billion in the State's rainy day reserve funds (\$1 billion in the Tax Stabilization Reserve Account and \$175 million in the Rainy Day Reserve Account), \$96 million in the Community Projects Account, \$21 million in the Contingency Reserve Account, and \$978 million in refund reserves.

Actual operating results were \$923 million more favorable than anticipated in the original financial plan, and fell above the projections in the final financial plan by \$928 million. The original financial plan projected that expenditures would exceed receipts by \$570 million in 2009-10. During the fiscal year, actual receipts and disbursements were less than the level forecast in the original financial plan. The 2009-10 Enacted Budget plan assumed base tax decline of 6.7 percent for the fiscal year. However, base tax collections for 2009-10 actually declined from the prior year by approximately 7.1 percent. This is the result of weaker than anticipated collections in all major tax areas. Total disbursements from 2009-10 were lower than projected in the original financial plan, primarily attributable to the deferral of a planned payment to school districts that was scheduled in 2009-10 but, by statute, is not due until June 1, 2010. In addition, agency operating spending and other local aid spending was lower due to statewide cost-cutting initiatives implemented mid-year.

The final financial plan (issued on February 9, 2010) projected negative General Fund operating results of \$575 million, or \$928 million below actual results. The most significant variances from the final financial plan include lower-than-anticipated collections in all major tax areas, except personal income tax and the payroll tax which exceeded projections, and the amount of the deferrals exceeding the level originally anticipated.

The State's General Fund GAAP deficit of \$594 million reported on page 36 differs from the General Fund's budgetary basis surplus of \$353 million reported in the reconciliation found under Budgetary Basis Reporting on page 96. This variation results from differences in basis of accounting, entity and perspective differences between budgetary reporting versus those established as GAAP and followed in preparation of this financial statement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of 2010, the State has \$90.6 billion invested in a broad range of capital assets, including equipment, buildings, construction in progress, land preparation, and infrastructure, which primarily includes roads and bridges (Table 4). This amount represents a net increase (including additions and deductions) of \$1.8 billion over last year.

Table 4
Capital Assets at Year-End
(Net of depreciation, amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land and land improvements	\$ 4,046	\$ 3,978	\$ 550	\$ 515	\$ 4,596	\$ 4,493
Land preparation	3,271	3,191	—	—	3,271	3,191
Buildings	4,635	4,595	5,538	5,261	10,173	9,856
Equipment and library books	257	236	765	771	1,022	1,007
Construction in progress	3,904	3,692	1,912	1,514	5,816	5,206
Infrastructure	65,322	64,727	405	348	65,727	65,075
Artwork and historical treasures	—	—	36	36	36	36
Totals	\$ 81,435	\$ 80,419	\$ 9,206	\$ 8,445	\$ 90,641	\$ 88,864

The State-owned roads and bridges that are maintained by the Department of Transportation are being reported using the modified approach. As allowed by the reporting provisions in GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, infrastructure assets that meet prescribed criteria do not have to be depreciated but must be maintained at levels defined by State policy. The State is responsible for maintaining more than 42,500 lane miles of highway and 7,864 bridges.

Highway condition is rated using a scale of A1 (very poor) to A10 (excellent) based on the prevalence of surface-related pavement distress. For bridges, a rating of 6 to 7 is excellent, which indicates that no repairs are necessary. A rating of 3 to 5 is fair to good, which indicates that minor repairs are required. A rating of 1 to 2 is deficient, which indicates major repairs or replacements are necessary. Refer to Required Supplementary Information (RSI) for additional information regarding infrastructure assets using the modified approach. Pavement condition rating parameters for the current year are expected to be between 6.7 and 7.2, while bridge pavement condition parameters are expected to be between 5.3 and 5.6. Capital spending for highway and bridge maintenance and preservation projects was approximately \$1.4 billion in 2010.

The State's 2010-11 fiscal year capital budget calls for it to spend \$8.8 billion for capital projects in the 2009-10 fiscal year, of which \$4.3 billion is for transportation projects. To pay for these capital projects the State plans to use \$420.9 million in general obligation bond proceeds, \$3.9 billion in other financing arrangements with public authorities, \$2 billion in Federal funds, and \$2.5 billion in funds on hand or received during the year. More detailed information about the State's capitalization policy for capital assets is presented in Note 1 of the Notes to the Basic Financial Statements.

Debt Administration

The State has obtained long-term financing in the form of voter-approved General Obligation debt (voter-approved debt) and other obligations that are authorized by legislation but not approved by the voters (non-voter-approved debt), including lease-purchase and contractual obligations where the State's legal obligation to make payments is subject to and paid from annual appropriations made by the Legislature or from assignment of revenue in the case of Tobacco Settlement Revenue Bonds. One minor exception, Equipment and Building Capital Leases, and Mortgage Loan Commitments, which represent \$437 million as of March 31, 2010, do not require legislative or voter approval. Other obligations include certain bonds issued through State public authorities, certificates of participation, and capital leases obtained through vendors. The State administers its long-term financing needs as a single portfolio of State-supported debt that includes general obligation bonds and other obligations of both its governmental activities and business-type activities. Most of the debt reported under business-type activities, all of which was issued for capital assets used in those activities, is supported by payments from resources generated by the State's governmental activities—thus it is not expected to be repaid from resources generated by business-type activities. The State Finance Law allows the bonded portion of this single combined debt portfolio, which includes debt reported in both governmental and business-type activities, to include debt instruments which result in a net variable rate exposure in an amount that does not exceed 20 percent of total outstanding State-supported debt, and interest rate exchange agreements (swaps) that do not exceed 20 percent of total outstanding State-supported debt. At March 31, 2010, the State had \$1.3 billion in State-supported (net) variable rate bonds outstanding and \$2.6 billion in interest rate exchange agreements, in which the State issues variable rate bonds and enters into a swap agreement that converts the rate effectively to a fixed rate. Risks related to these transactions are explained in Note 7.

In addition, the State has \$1.8 billion in convertible bonds, which bear a fixed rate until future mandatory tender dates in 2011, 2012 and 2013, at which time they can convert to either a fixed or variable rate. The interest rate mode will be determined close to the conversion date. Similarly, the State also entered into approximately \$618 million in swaps that create synthetic variable rate exposure in the future. In these transactions, the State issued fixed rate bonds and entered into forward-starting swaps in which it receives a fixed rate that exceeds the rate it pays on the bonds and pays a variable rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) or London Interbank Offered Rate (LIBOR) index, resulting in the State paying net variable rates. The net result is the State will be paying interest at a fixed rate through 2014, and at a variable rate between 2014 and 2030.

At March 31, 2010, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 2.5 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of \$2.6 billion were equal to 5.3 percent of the total State-supported debt portfolio. Additionally, the State and CUNY reported \$376 million and \$177 million, respectively, in fixed-to-variable rate swap agreements outstanding, which are excluded from the statutory cap because at the time the transactions were completed, they offset specific risks in the State's swap portfolio.

At March 31, 2010, the State had \$55.3 billion in bonds, notes, and other financing agreements outstanding compared with \$52.5 billion last year, an increase of \$2.8 billion as shown below in Table 5.

Table 5
Outstanding Debt at Year-End
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds (voter-approved)	\$ 3,461	\$ 3,367	\$ —	\$ —	\$ 3,461	\$ 3,367
Tobacco Settlement Financing						
Corporation bonds	3,257	3,588	—	—	3,257	3,588
MBBA Special Purpose School Aid bonds	419	442	—	—	419	442
Capital lease obligations	25	26	257	287	282	313
Mortgage loan commitments	—	—	155	92	155	92
Unamortized bond premiums (discounts)	1,607	1,426	(30)	(39)	1,577	1,387
Accumulated accretion on capital appreciation bonds	113	175	—	—	113	175
State-supported debt as defined by the State Finance Law	36,989	34,534	9,031	8,595	46,020	43,129
Totals	\$ 45,871	\$ 43,558	\$ 9,413	\$ 8,935	\$ 55,284	\$ 52,493

During the 12 month period reported, the State issued \$8.7 billion in bonds, of which \$3.1 billion was for refunding and \$5.6 billion was for new borrowing. See Note 16 for State debt issued subsequent to the reporting period.

Table 6
New Debt Issued During Prior 12 Month Period
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Voter-approved debt:						
General obligation:						
New issues	\$ 449	\$ 455	\$ —	\$ —	\$ 449	\$ 455
Refunding issues	349	—	—	—	349	—
Total voter-approved debt	798	455	—	—	798	455
Non-voter-approved debt:						
Other financing arrangements:						
New issues	4,354	3,689	802	563	5,156	4,252
Refunding issues	1,850	3,874	925	—	2,775	3,874
Total non-voter-approved debt	6,204	7,563	1,727	563	7,931	8,126
Totals	\$ 7,002	\$ 8,018	\$ 1,727	\$ 563	\$ 8,729	\$ 8,581

The State's assigned general obligation bond ratings on March 31, 2010 were as follows: AA by Standard & Poor's Investor Services (S&P), Aa3 by Moody's Investor Service, and AA- by Fitch Investor Service. The State Constitution, with exceptions for emergencies, limits the amount of general obligation bonds that can be issued to that amount approved by the voters for a single work or purpose in a general election. Currently, the State has \$2.2 billion in authorized but unissued bond capacity that can be used to issue bonds for specifically approved purposes. The State may issue short-term debt without voter approval in anticipation of the receipt of taxes and revenues or proceeds from duly authorized but not issued general obligation bonds.

The State Finance Law, through the Debt Reform Act of 2000 (the Act), also imposes phased-in caps on the issuance of new State-supported debt and related debt service costs. The Act also limits the use of debt to capital works and purposes, and establishes a maximum length of term for repayment of 30 years. The Act applies to all State-supported debt. The Act does not apply to debt issued prior to April 1, 2000 or to other obligations issued by public authorities where the State is not the direct obligor.

ECONOMIC FACTORS AFFECTING THE STATE

Throughout much of 2009, the national economy remained in the grip of the most serious recession since the Great Depression. The recession, which had its roots in a severe downturn in the housing market that led to a worldwide financial crisis, resulted in large job losses, a significant reduction in economic output, and sharply reduced consumer confidence and spending. By late 2009 and early 2010, there were indications that the recession was ending.

The nation's inflation-adjusted gross domestic product (GDP) declined during each quarter from the third quarter of 2008 to the second quarter of 2009, with the sharpest declines in the fourth quarter of 2008 (5.4 percent) and the first quarter of 2009 (6.4 percent). Due in part to actions taken by the Federal government to revitalize the economy—particularly the \$787 billion American Recovery and Reinvestment Act of 2009, which included tax cuts (such as incentives for first-time home buyers), capital spending for infrastructure projects, and aid to state and local governments—GDP growth resumed in the third quarter of 2009.

Job growth was slower to resume. Employment peaked in December 2007 and then declined until December 2009, with total losses during this period reaching 8.4 million jobs. Between December 2009 and May 2010, the nation regained 1 million jobs, but almost half of these new jobs were temporary jobs associated with the decennial census.

The housing market began to stabilize in 2009. Data from the S&P Case/Shiller Index showed that national home prices peaked in June 2006 and then declined by 31.4 percent through May 2009. In several metropolitan areas, the rate of decline exceeded 40 percent; in some areas, including the Las Vegas and Phoenix metropolitan areas, home values declined by more than 50 percent. In the New York City metropolitan area, home prices fell by almost 20 percent. Between May 2009 and March 2010, home prices increased by 3.6 percent nationally, and rose in 11 of the 20 metropolitan areas surveyed. Existing home sales rose sharply in the second half of 2009, but then fell just as sharply after the expiration of the Federal tax credit for first-time homebuyers. Sales rose again after the credit was extended.

As a result of declines in energy prices due to the recession, inflation has remained low. For 2009, the national inflation rate for all items declined by 0.4 percent—the first annual price decline since 1955. During the first five months of 2010, inflation averaged 2.3 percent compared to the same period in 2009. With inflation subdued, the Federal Reserve Board continued to reiterate its intentions to keep interest rates low for an extended period of time in order to support the economic recovery. In May 2010, the Federal funds rate remained near zero and the rate on ten-year Treasury notes was 3.4 percent—largely unchanged from one year earlier.

Wall Street rebounded sharply in 2009, helped by Federal government bailouts, the Federal Reserve's low interest rate policy, changes in accounting rules, and other government programs. The profits of the broker/dealer operations of New York Stock Exchange member firms reached a record \$61.4 billion in 2009—almost triple that of the previous record, set in 2000. The gain also exceeded the \$54 billion in cumulative losses incurred in 2007 and 2008. In the first quarter of 2010, profits totaled \$10.3 billion. The Dow Jones Industrial Index rose from 6,547 in early March 2009 to 11,151 in early May 2010, but then dropped below 10,000 in early June 2010 with the onset of a new credit crisis that has affected several European nations—most notably Greece—and generated new economic uncertainties.

In some respects, the recession was not as severe in New York State as it was elsewhere in the nation. On an annual basis, the nation's real inflation-adjusted gross domestic product (GDP) grew by 0.4 percent in 2008 and declined by 2.4 percent in 2009. In New York, overall economic output performed better, with the State's GDP rising by 1.6 percent in 2008. For 2009, IHS Global Insight estimates that New York's GDP declined by 1.5 percent. New York's housing market also outperformed many other areas of the country.

The recession's impact on New York's labor market was also less severe than it was for the nation. Employment in New York began to decline in May 2008, four months later than in the nation, and losses continued through December 2009, as they did for the nation. The total jobs decline in New York (4.2 percent) was lower than in the nation (6.1 percent). The State's seasonally adjusted unemployment rate also rose less than the nation's, moving from 4.3 percent in March 2007 to a peak of 8.9 percent in October 2009, while the nation's rate rose from 4.4 percent in May 2007 to a peak of 10.1 percent in October 2009. The unemployment rate in New York peaked at its highest point in 17 years; in the nation it was the highest rate in 27 years.

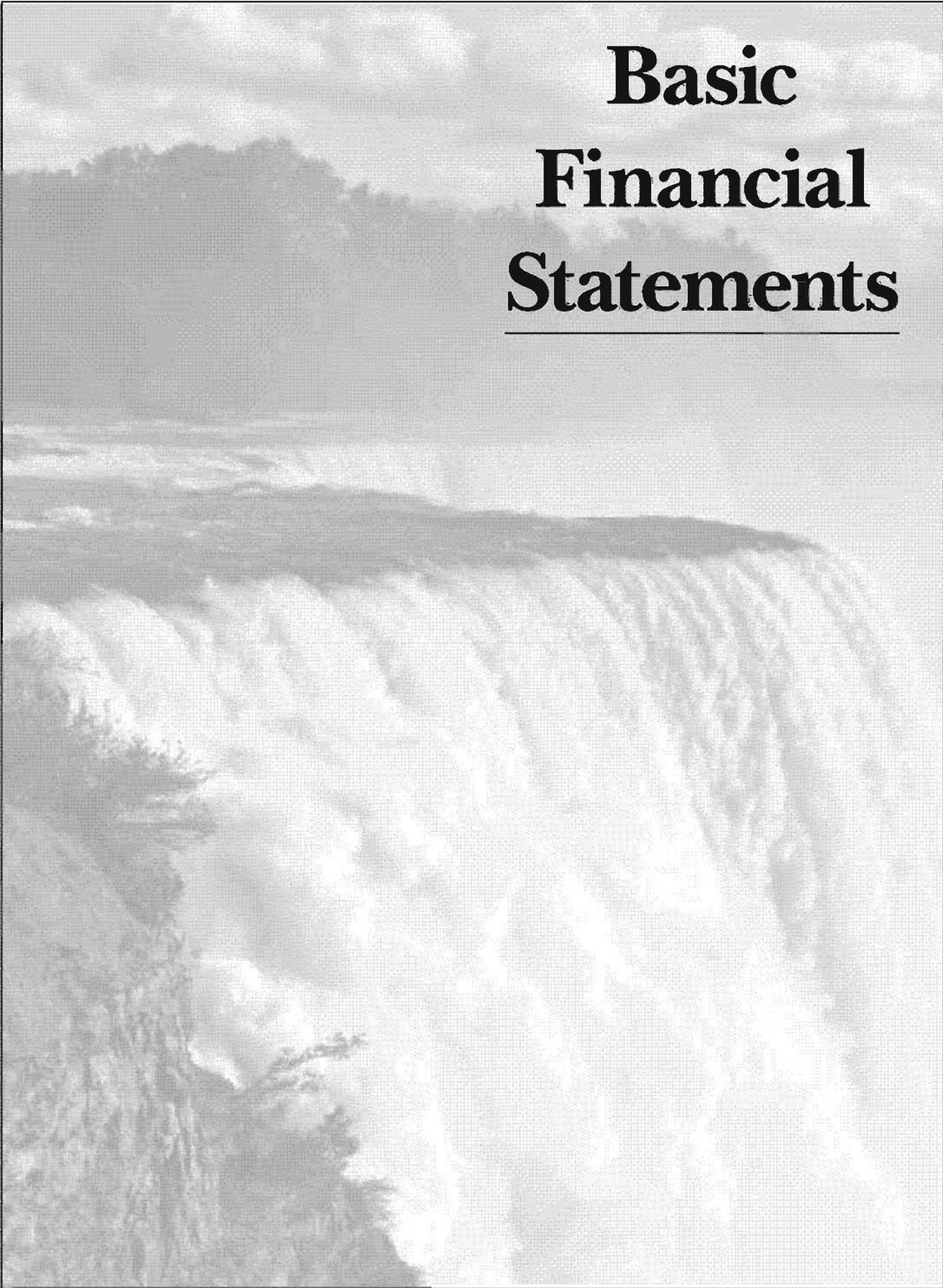
Wages and incomes in New York, however, were more affected by the recession than in the rest of the nation. This reflects the importance of the financial sector to New York's economy. Although Wall Street profitability rebounded sharply in 2009, the financial sector was slow to begin adding jobs, and income had not yet recovered from the losses experienced in 2008. In New York, employment in the financial sector (i.e., banking, securities, insurance, and real estate) peaked in June 2007 and then declined by 9.2 percent through March 2010. For the nation, financial sector employment peaked in December 2006 and declined by 8.9 percent by March 2010. While the nation's financial sector job losses have been concentrated in banking, reflecting the failures of banks and mortgage companies, New York's financial sector job losses have been primarily in the high-wage securities industry.

In 2007, wages in New York's financial sector accounted for 24.3 percent of all wages paid in the State. With the personal income tax accounting for more than half of New York State tax revenues, collections were sensitive to developments in the financial sector. As the financial crisis deepened in 2008, New York's financial sector wages declined by 2.1 percent while total wages rose by 2 percent (similar to the national wage gain of 2.1 percent). During 2009, the full impact of the financial crisis began to affect wages in the State's financial sector (due to the payment of sharply lower 2008 Wall Street bonuses in the first quarter of 2009) as the recession affected the rest of the State's economy. Financial sector wages in New York declined by 21 percent, contributing to a 7.2 percent decline for total wages. Nationwide, total wages declined by 4.1 percent in 2009.

Because of the sharp decline in wages, personal income in New York fell by 3.4 percent in 2009, compared to a 1.7 percent decrease nationwide. Among the 50 states, only three (South Dakota, Wyoming, and Nevada) had larger income declines than New York in 2009. Similarly, New York's 3.8 percent decline in per capita personal income in 2009 ranked 44th among all the states. Despite the decline, New York's per capita personal income of \$46,957 in 2009 ranked fifth among the states and exceeded the national average of \$39,138.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the State Comptroller's Communications Office at 110 State Street, 15th Floor, Albany, New York 12236 or visit our website at www.osc.state.ny.us.



Basic Financial Statements



Statement of Net Assets

March 31, 2010

(Amounts in millions)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and investments	\$ 10,715	\$ 5,885	\$ 16,600	\$ 37,502
Receivables, net of allowances for uncollectibles:				
Taxes	10,549	—	10,549	—
Due from Federal government	6,347	—	6,347	—
Loans, leases and notes	—	—	—	40,302
Other	2,643	3,387	6,030	3,250
Internal balances	(539)	563	24	—
Other assets	843	220	1,063	5,233
Intangible assets	—	—	—	2,629
Capital assets:				
Land, infrastructure and construction in progress	76,153	2,495	78,648	8,965
Buildings, equipment, land improvements and infrastructure, net of depreciation	5,282	6,711	11,993	56,783
Total assets	111,993	19,261	131,254	154,664
LIABILITIES:				
Tax refunds payable	8,995	—	8,995	—
Accounts payable	1,126	501	1,627	643
Accrued liabilities	7,069	1,195	8,264	17,190
Due to Federal government	—	3,073	3,073	—
Payable to local governments	6,827	—	6,827	—
Interest payable	521	220	741	—
Pension contributions payable	79	—	79	406
Deferred revenues	731	381	1,112	1,108
Long-term liabilities:				
Due within one year	3,391	955	4,346	6,146
Due in more than one year:				
Tax refunds payable	823	—	823	—
Accrued liabilities	4,867	696	5,563	403
Payable to local governments	375	—	375	—
Lottery prizes payable	—	1,265	1,265	—
Pension contributions payable	332	—	332	96
Other postemployment benefits	6,068	1,932	8,000	4,684
Pollution remediation	468	—	468	137
Obligations under lease/purchase and other financing arrangements	40,092	8,927	49,019	—
Deferred loss on refunding	(840)	—	(840)	—
Notes payable	—	—	—	1,242
Bonds payable	3,093	—	3,093	75,277
Other long-term liabilities	—	—	—	9,563
Total liabilities	84,017	19,145	103,162	116,895
NET ASSETS:				
Invested in capital assets, net of related debt	63,797	468	64,265	24,792
Restricted for:				
Debt service	2,277	—	2,277	3,722
Other specified purposes	387	1,100	1,487	8,969
Unrestricted (deficit)	(38,485)	(1,452)	(39,937)	286
Total net assets	\$ 27,976	\$ 116	\$ 28,092	\$ 37,769

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2010

(Amounts in millions)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Education	\$ 31,075	\$ 118	\$ 3,735	\$ —
Public health	51,499	5,086	33,228	—
Public welfare	16,226	1,024	10,997	—
Public safety	5,641	173	570	15
Transportation	8,112	1,317	568	1,132
Environment and recreation	1,338	324	104	93
Support and regulate business	1,713	1,528	14	—
General government	9,234	1,989	837	—
Interest on long-term debt	1,839	—	5	—
Total governmental activities	126,677	11,559	50,058	1,240
Business-type activities:				
Lottery	5,221	7,818	—	—
Unemployment insurance	10,267	—	8,603	—
State University of New York	9,509	3,533	1,573	48
City University of New York	2,847	541	727	—
Total business-type activities	27,844	11,892	10,903	48
Total primary government	\$ 154,521	\$ 23,451	\$ 60,961	\$ 1,288
Total component units	\$ 31,348	\$ 17,191	\$ 7,268	\$ 2,869

General revenues:

Taxes:

Personal income	
Consumption and use	
Business	
Other	
Grants and contributions not restricted to specific programs	
Investment earnings	
Miscellaneous	

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets—beginning of year, as restated

Net assets—end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (27,222)	\$ —	\$ (27,222)	\$ —
(13,185)	—	(13,185)	—
(4,205)	—	(4,205)	—
(4,883)	—	(4,883)	—
(5,095)	—	(5,095)	—
(817)	—	(817)	—
(171)	—	(171)	—
(6,408)	—	(6,408)	—
(1,834)	—	(1,834)	—
(63,820)	—	(63,820)	—
—	2,597	2,597	—
—	(1,664)	(1,664)	—
—	(4,355)	(4,355)	—
—	(1,579)	(1,579)	—
—	(5,001)	(5,001)	—
(63,820)	(5,001)	(68,821)	—
			(4,020)
34,521	—	34,521	—
13,076	—	13,076	—
7,662	—	7,662	—
2,780	—	2,780	—
—	—	—	1,075
115	39	154	909
4,906	235	5,141	2,007
63,060	274	63,334	3,991
(2,158)	1,812	(346)	—
60,902	2,086	62,988	3,991
(2,918)	(2,915)	(5,833)	(29)
30,894	3,031	33,925	37,798
\$ 27,976	\$ 116	\$ 28,092	\$ 37,769

Balance Sheet

GOVERNMENTAL FUNDS

March 31, 2010

(Amounts in millions)

	Major Funds					Total
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	
ASSETS:						
Cash and investments	\$ 3,307	\$ 347	\$ 1,280	\$ 5,781	\$ —	\$ 10,715
Receivables, net of allowances for uncollectibles:						
Taxes	7,972	—	1,987	590	—	10,549
Due from Federal government	110	6,132	—	226	—	6,468
Other	863	438	411	931	—	2,643
Due from other funds	1,089	16	—	836	(662)	1,279
Other assets	279	33	—	13	—	325
Total assets	\$ 13,620	\$ 6,966	\$ 3,678	\$ 8,377	\$ (662)	\$ 31,979
LIABILITIES:						
Tax refunds payable	\$ 6,996	\$ —	\$ 1,767	\$ 232	\$ —	\$ 8,995
Accounts payable	459	81	—	586	—	1,126
Accrued liabilities	2,558	3,489	6	202	—	6,255
Payable to local governments	4,279	1,954	50	544	—	6,827
Due to other funds	1,564	563	98	898	(662)	2,461
Pension contributions payable	79	—	—	—	—	79
Deferred revenues	1,223	877	65	196	—	2,361
Total liabilities	17,158	6,964	1,986	2,658	(662)	28,104
FUND BALANCES (DEFICITS):						
Reserved for:						
Encumbrances	843	1,343	—	7,685	—	9,871
Debt service	—	—	1,658	618	—	2,276
Tax stabilization	1,031	—	—	—	—	1,031
Refund	978	—	—	—	—	978
Other specified purposes	273	—	—	102	—	375
Unreserved:						
General	(6,663)	—	—	—	—	(6,663)
Federal special revenue	—	(1,341)	—	—	—	(1,341)
Special revenue	—	—	—	2,093	—	2,093
Debt service	—	—	34	500	—	534
Capital projects	—	—	—	(5,279)	—	(5,279)
Total fund balances (deficits)	(3,538)	2	1,692	5,719	—	3,875
Total liabilities and fund balances (deficits)	\$ 13,620	\$ 6,966	\$ 3,678	\$ 8,377	\$ (662)	\$ 31,979

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet

GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2010

(Amounts in millions)

Total fund balances—governmental funds	\$ 3,875
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	81,435
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds	1,630
Medicaid cost recoveries not available soon enough to reduce current period expenditures that are due to the Federal government	(120)
Deferred charges related to bond issuance costs	517
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:	
Interest payable	(521)
Due to business-type activities	(171)
Long-term liabilities due within one year	(3,391)
Tax refunds payable	(823)
Accrued liabilities	(4,867)
Payable to local governments	(375)
Pension contributions payable	(332)
Other postemployment benefits	(6,068)
Pollution remediation	(468)
Lease/purchase and other financing arrangements	(40,092)
Deferred loss on refunding	840
Bonds payable	(3,093)
Total net assets—governmental activities	\$ 27,976

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

GOVERNMENTAL FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Major Funds					Total
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	
REVENUES:						
Taxes:						
Personal income	\$ 22,330	\$ —	\$ 8,776	\$ 3,430	\$ —	\$ 34,536
Consumption and use	8,059	—	—	5,010	—	13,069
Business	5,490	—	—	2,057	—	7,547
Other	873	—	—	1,880	—	2,753
Federal grants	71	49,495	5	1,836	—	51,407
Public health/patient fees	—	—	—	4,296	—	4,296
Tobacco settlement	—	—	414	77	—	491
Miscellaneous	8,060	55	28	4,254	(617)	11,780
Total revenues	44,883	49,550	9,223	22,840	(617)	125,879
EXPENDITURES:						
Local assistance grants:						
Social services	11,443	36,852	—	4,046	—	52,341
Education	20,542	4,107	—	6,448	—	31,097
Mental hygiene	1,644	160	—	108	—	1,912
General purpose	1,251	—	—	—	—	1,251
Health and environment	1,677	1,038	—	1,535	—	4,250
Transportation	461	46	—	4,616	—	5,123
Criminal justice	211	337	—	76	—	624
Miscellaneous	493	758	—	817	—	2,068
State operations:						
Personal service	8,771	632	—	330	—	9,733
Non-personal service	3,111	677	34	2,564	(560)	5,826
Pension contributions	810	51	—	13	—	874
Other fringe benefits	3,715	182	—	53	(57)	3,893
Capital construction	—	—	—	5,029	—	5,029
Debt service, including payments on financing arrangements	—	—	3,773	772	—	4,545
Total expenditures	54,129	44,840	3,807	26,407	(617)	128,566
Excess (deficiency) of revenues over expenditures	(9,246)	4,710	5,416	(3,567)	—	(2,687)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	14,815	—	3,214	7,542	(22,612)	2,959
Transfers to other funds	(6,619)	(4,709)	(8,547)	(7,895)	22,612	(5,158)
General obligation bonds issued	—	—	—	449	—	449
Financing arrangements issued	431	—	—	3,923	—	4,354
Refunding debt issued	—	—	1,128	1,072	—	2,200
Payments to escrow agents for refundings	—	—	(1,171)	(1,107)	—	(2,278)
Swap termination	—	—	(47)	(47)	—	(94)
Premiums on bonds issued	25	—	90	263	—	378
Net other financing sources (uses)	8,652	(4,709)	(5,333)	4,200	—	2,810
Net change in fund balances	(594)	1	83	633	—	123
Fund balances (deficits) at April 1, 2009	(2,944)	1	1,609	5,086	—	3,752
Fund balances (deficits) at March 31, 2010	\$ (3,538)	\$ 2	\$ 1,692	\$ 5,719	\$ —	\$ 3,875

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2010

(Amounts in millions)

Net change in fund balances—total governmental funds	\$	123
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense, net of asset disposal	\$	(314)
Disposal of assets		(306)
Purchase of assets		1,637
		<u>1,017</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of proceeds and repayments:		
Repayment of principal	\$	2,742
Long-term debt proceeds		(7,287)
Payments to refunding agent		2,278
		<u>(2,267)</u>
Revenues in the statement of activities that do not provide current financial resources and are not reported in the funds		80
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Local assistance grants	\$	(11)
State operations		(1,752)
Capital construction		67
Transfers to business-type activities		(174)
Other		(1)
		<u>(1,871)</u>
Change in net assets of governmental activities	\$	<u>(2,918)</u>

See accompanying notes to the basic financial statements.

Statement of Net Assets (Deficits)

ENTERPRISE FUNDS

March 31, 2010

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2009		Total
			SUNY	CUNY	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 153	\$ —	\$ 1,228	\$ 604	\$ 1,985
Investments	161	—	296	75	532
Deposits with trustees	—	—	—	275	275
Receivables, net of allowance for uncollectibles	417	1,850	850	129	3,246
Due from other funds	—	—	388	149	537
Other assets	10	—	67	34	111
Total current assets	741	1,850	2,829	1,266	6,686
Noncurrent assets:					
Restricted cash and cash equivalents	—	—	98	3	101
Long-term investments	1,323	—	584	179	2,086
Deposits with trustees	—	—	803	103	906
Receivables, net of allowance for uncollectibles	—	—	137	4	141
Due from other funds	—	—	165	—	165
Capital assets:					
Land, construction in progress and artwork	—	—	1,467	1,028	2,495
Buildings and equipment, net of depreciation	—	—	4,769	1,942	6,711
Other assets	4	—	72	33	109
Total noncurrent assets	1,327	—	8,095	3,292	12,714
Total assets	2,068	1,850	10,924	4,558	19,400
LIABILITIES:					
Current liabilities:					
Accounts payable	13	—	311	177	501
Accrued liabilities	283	90	663	445	1,481
Due to Federal government	—	3,073	—	—	3,073
Lottery prizes payable	183	—	—	—	183
Due to other funds	139	—	—	—	139
Interest payable	—	—	162	58	220
Deferred revenues	11	—	255	115	381
Obligations under lease/purchase and other financing arrangements	2	—	283	201	486
Total current liabilities	631	3,163	1,674	996	6,464
Noncurrent liabilities:					
Accrued liabilities	1	—	613	82	696
Other postemployment benefits	—	—	1,698	234	1,932
Lottery prizes payable	1,265	—	—	—	1,265
Obligations under lease/purchase and other financing arrangements	2	—	6,042	2,883	8,927
Total noncurrent liabilities	1,268	—	8,353	3,199	12,820
Total liabilities	1,899	3,163	10,027	4,195	19,284
NET ASSETS (DEFICITS):					
Invested in capital assets, net of related debt	—	—	606	(138)	468
Restricted for:					
Nonexpendable purposes	—	—	249	38	287
Expendable purposes	—	—	329	405	734
Future prizes	79	—	—	—	79
Unrestricted	90	(1,313)	(287)	58	(1,452)
Total net assets (deficits)	\$ 169	\$ (1,313)	\$ 897	\$ 363	\$ 116

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits)

ENTERPRISE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2009		Total
			SUNY	CUNY	
OPERATING REVENUES:					
Ticket and video gaming sales	\$ 7,818	\$ —	\$ —	\$ —	\$ 7,818
Employer contributions	—	8,603	—	—	8,603
Tuition and fees, net	—	—	1,030	522	1,552
Government grants and contracts	—	—	856	612	1,468
Private gifts, grants and contracts	—	—	312	81	393
Hospitals and clinics	—	—	1,723	—	1,723
Auxiliary enterprises	—	—	780	19	799
Other	—	—	104	30	134
Total operating revenues	7,818	8,603	4,805	1,264	22,490
OPERATING EXPENSES:					
Benefits paid	—	10,267	—	—	10,267
Prizes	3,951	—	—	—	3,951
Commissions and fees	1,009	—	—	—	1,009
Educational and general	—	—	5,240	2,430	7,670
Hospitals and clinics	—	—	2,083	—	2,083
Auxiliary enterprises	—	—	775	16	791
Instant game ticket costs	29	—	—	—	29
Depreciation and amortization	3	—	401	157	561
Other	154	—	6	—	160
Total operating expenses	5,146	10,267	8,505	2,603	26,521
Operating income (loss)	2,672	(1,664)	(3,700)	(1,339)	(4,031)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings (expenses)	(40)	—	61	18	39
Other expenses	(1)	—	(317)	(43)	(361)
Private gifts, grants, contracts	—	—	71	10	81
Federal and city appropriations	—	—	19	34	53
Federal and State student financial aid	—	—	386	—	386
Net increase (decrease) in the fair value of investments	—	—	(389)	(27)	(416)
Plant and equipment write-off	—	—	(5)	—	(5)
Interest expense	(74)	—	(293)	(174)	(541)
Total nonoperating revenues (expenses)	(115)	—	(467)	(182)	(764)
Income (loss) before other revenues and transfers	2,557	(1,664)	(4,167)	(1,521)	(4,795)
State transfers	—	—	3,063	1,027	4,090
Education aid transfer	(2,666)	—	—	—	(2,666)
Capital transfers	—	—	5	383	388
Capital gifts and grants	—	—	48	—	48
Additions to permanent endowments	—	—	17	3	20
Decrease in net assets (deficits)	(109)	(1,664)	(1,034)	(108)	(2,915)
Net assets—beginning of year	278	351	1,931	471	3,031
Net assets (deficits)—end of year	\$ 169	\$ (1,313)	\$ 897	\$ 363	\$ 116

See accompanying notes to the basic financial statements.

Statement of Cash Flows

ENTERPRISE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2009		Total
			SUNY	CUNY	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	\$ —	\$ 8,270	\$ —	\$ —	\$ 8,270
Ticket sales	7,880	—	—	—	7,880
Tuition and fees	—	—	1,034	528	1,562
Government grants and contracts	—	—	871	631	1,502
Private grants and contracts	—	—	289	58	347
Hospitals and clinics	—	—	1,644	—	1,644
Auxiliary enterprises	—	—	758	19	777
Other	—	—	1	75	76
Payments for:					
Claims	—	(10,247)	—	—	(10,247)
Prizes	(3,904)	—	—	—	(3,904)
Commissions and fees	(1,057)	—	—	—	(1,057)
Operating expenses	(140)	—	(6,275)	(2,218)	(8,633)
Other	—	—	(79)	(154)	(233)
Net cash provided (used) by operating activities	2,779	(1,977)	(1,757)	(1,061)	(2,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(2,826)	—	—	—	(2,826)
Temporary loan from Federal government	—	1,974	—	—	1,974
Transfers	123	—	1,745	1,061	2,929
Federal and State student financial aid grants	—	—	386	—	386
Private gifts and grants	—	—	77	—	77
Gifts and grants	—	—	—	13	13
Proceeds from short-term loans	—	—	35	—	35
Repayment of short-term loans	—	—	(86)	—	(86)
Loans issued to students	—	—	—	(9)	(9)
Collection of loans from students	—	—	—	5	5
Direct loan receipts	—	—	324	—	324
Direct loan disbursements	—	—	(324)	—	(324)
Enterprise fund transactions	—	3	67	(7)	63
Net cash provided (used) by noncapital financing activities	(2,703)	1,977	2,224	1,063	2,561
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	—	—	778	1,120	1,898
Capital transfers	—	—	5	383	388
Purchase of capital assets	(3)	—	(861)	(408)	(1,272)
Principal payments on capital leases	—	—	(343)	(145)	(488)
Principal payments on refunded bonds	—	—	—	(895)	(895)
Interest payments on capital leases	—	—	(349)	(166)	(515)
Capital gifts and grants received	—	—	48	—	48
Deposits held by bond trustees and DASNY	—	—	—	153	153
Decrease in amounts held by the DASNY	—	—	—	(3)	(3)
Net cash provided (used) by capital financing activities	(3)	—	(722)	39	(686)

(Continued)

Statement of Cash Flows (cont'd)

ENTERPRISE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2009		Total
			SUNY	CUNY	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains (losses) on investments	2	—	(96)	18	(76)
Proceeds from sales and maturities of investments	589	—	3,827	1,433	5,849
Purchases of investments	(555)	—	(3,437)	(1,105)	(5,097)
Payment of collateral held for securities lending	—	—	—	(24)	(24)
Net cash provided by investing activities	36	—	294	322	652
Net increase in cash and cash equivalents	109	—	39	363	511
Cash and cash equivalents—beginning of year	44	—	1,287	244	1,575
Cash and cash equivalents—end of year	\$ 153	\$ —	\$ 1,326	\$ 607	\$ 2,086
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,672	\$ (1,664)	\$ (3,700)	\$ (1,339)	\$ (4,031)
Adjustments to reconcile operating income (loss) to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	3	—	401	157	561
Other nonoperating and noncash items	—	—	1,149	—	1,149
Change in assets and liabilities:					
Receivables, net	65	(332)	(61)	7	(321)
Other assets	3	—	(8)	1	(4)
Lottery prizes payable	(47)	—	—	—	(47)
Unclaimed and future prizes	92	—	—	—	92
Accrued liabilities	(8)	—	88	46	126
Other postemployment benefits	—	—	380	66	446
Deferred revenues	(1)	—	(6)	1	(6)
Other payables	—	19	—	—	19
Net cash provided (used) by operating activities	\$ 2,779	\$ (1,977)	\$ (1,757)	\$ (1,061)	\$ (2,016)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
New capital leases/debt agreements	\$ —	\$ —	\$ 157	\$ —	\$ 157
Noncash gifts	\$ —	\$ —	\$ 3	\$ 2	\$ 5
Decrease in unrealized gains on investments	\$ (131)	\$ —	\$ —	\$ —	\$ (131)
Amortization of investment discount	\$ 73	\$ —	\$ —	\$ —	\$ 73

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Assets

FIDUCIARY FUNDS

March 31, 2010

(Amounts in millions)

	Pension Trusts	Private Purpose Trusts	Agency
ASSETS:			
Cash and investments	\$ —	\$ 9,477	\$ 3,176
Retirement system investments:			
Short-term investments	3,086	—	—
Government bonds	24,106	—	—
Corporate bonds	9,620	—	—
Domestic equities	51,495	—	—
International equities	21,179	—	—
Private equities	12,800	—	—
Absolute return strategy investments	3,818	—	—
Real estate and mortgage loans	6,397	—	—
Securities lending collateral, invested	9,151	—	—
Forward foreign exchange contracts	864	—	—
Receivables, net of allowances for uncollectibles	2,618	158	78
Due from other funds	—	814	—
Other assets	—	—	37
Capital assets, at cost, net of accumulated depreciation	26	—	—
Total assets	145,160	10,449	\$ 3,291
LIABILITIES:			
Securities lending obligations	9,336	—	\$ —
Forward foreign exchange contracts	862	—	—
Accounts payable	—	—	24
Accounts payable—investments	361	—	—
Accounts payable—benefits	192	—	—
Other liabilities	157	1,373	1,539
Payable to local governments	—	—	1,728
Total liabilities	10,908	1,373	\$ 3,291
NET ASSETS:			
Held in trust for pension benefits and other purposes	\$ 134,252	\$ 9,076	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Pension Trusts	Private Purpose Trusts
Additions:		
Investment earnings:		
Interest income	\$ 1,540	\$ 6
Dividend income	1,202	211
Other income	353	1
Securities lending income	62	—
Net increase in the fair value of investments	25,631	1,137
Total investment earnings	28,788	1,355
Less:		
Securities lending expenses	(2)	—
Investment expenses	(364)	(39)
Net investment earnings	28,422	1,316
Contributions:		
College savings	—	2,700
Employers	2,344	—
Members	284	—
Interest on accounts receivable	11	—
Other	71	—
Total contributions	2,710	2,700
Net transfers from General Fund	—	220
Total additions	31,132	4,236
Deductions:		
College aid redemptions	—	1,957
Benefits paid:		
Retirement allowances	7,480	—
Death benefits	183	—
Other benefits	55	—
Administrative expenses	100	1
Claims paid	—	220
Total deductions	7,818	2,178
Net increase	23,314	2,058
Net assets held in trust for pension benefits and other purposes at April 1, 2009	110,938	7,018
Net assets held in trust for pension benefits and other purposes at March 31, 2010	\$ 134,252	\$ 9,076

See accompanying notes to the basic financial statements.

Combining Statement of Net Assets

DISCRETELY PRESENTED COMPONENT UNITS

March 31, 2010

(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
ASSETS:					
Cash and investments	\$ 2,139	\$ 1,485	\$ 1,054	\$ 4,005	\$ 6,131
Receivables, net of allowances for uncollectibles:					
Loans, leases, and notes	400	9,100	—	—	37,159
Other	199	36	75	2,804	599
Other assets	861	—	70	2,203	—
Intangible assets	—	—	—	—	—
Capital assets:					
Construction in progress	144	—	578	7,894	—
Land and buildings, net of depreciation	3,567	—	3,977	39,335	13
Total assets	7,310	10,621	5,754	56,241	43,902
LIABILITIES:					
Accounts payable	—	5	—	501	—
Accrued liabilities	546	86	223	2,232	1,170
Pension contributions payable	—	—	—	404	—
Deferred revenues	—	118	53	402	54
Notes payable	379	—	11	—	—
Bonds payable	39	110	57	854	4,453
Current portion of other long-term liabilities	—	—	2	34	—
Due in more than one year:					
Accrued liabilities	—	—	—	—	184
Pension contributions payable	—	—	—	52	—
Other postemployment benefits	—	30	143	3,733	30
Deferred revenues	753	239	—	—	—
Notes payable	461	—	687	—	—
Bonds payable	1,154	9,592	2,341	27,573	37,381
Pollution remediation	—	—	5	81	—
Other long-term liabilities	1,158	(4)	13	2,934	98
Total liabilities	4,490	10,176	3,535	38,800	43,370
NET ASSETS:					
Invested in capital assets, net of related debt	1,717	—	2,039	18,779	13
Restricted for:					
Debt service	—	384	126	1,161	—
Other specified purposes	38	—	94	127	456
Unrestricted (deficit)	1,065	61	(40)	(2,626)	63
Total net assets	\$ 2,820	\$ 445	\$ 2,219	\$ 17,441	\$ 532

See accompanying notes to the basic financial statements.

Major Component Units

Long Island Power Authority	Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
\$ 495	\$ 3,150	\$ 11,797	\$ 1,940	\$ 3,739	\$ 4,810	\$ (3,243)	\$ 37,502
155	7,449	—	3,147	8,599	535	(26,242)	40,302
425	231	142	29	169	661	(2,120)	3,250
1,472	299	85	109	—	159	(25)	5,233
2,629	—	—	—	—	—	—	2,629
225	—	—	—	—	124	—	8,965
6,235	1,303	—	—	—	2,353	—	56,783
<u>11,636</u>	<u>12,432</u>	<u>12,024</u>	<u>5,225</u>	<u>12,507</u>	<u>8,642</u>	<u>(31,630)</u>	<u>154,664</u>
—	—	—	—	—	137	—	643
761	499	10,457	102	222	976	(84)	17,190
—	—	—	—	—	2	—	406
—	—	371	—	—	112	(2)	1,108
200	55	—	—	—	—	—	645
225	601	—	121	359	90	(1,590)	5,319
128	—	—	—	—	18	—	182
39	—	—	—	96	84	—	403
—	—	—	—	—	44	—	96
16	11	—	26	5	690	—	4,684
—	—	—	—	4	352	—	1,348
—	92	—	—	—	2	—	1,242
6,407	8,664	—	3,020	7,161	2,188	(30,204)	75,277
—	51	—	—	—	—	—	137
3,530	387	—	(4)	—	123	(20)	8,215
<u>11,306</u>	<u>10,360</u>	<u>10,828</u>	<u>3,265</u>	<u>7,847</u>	<u>4,818</u>	<u>(31,900)</u>	<u>116,895</u>
(171)	1,156	—	—	—	1,259	—	24,792
—	—	—	1,967	—	68	16	3,722
46	702	—	—	4,654	2,852	—	8,969
455	214	1,196	(7)	6	(355)	254	286
<u>\$ 330</u>	<u>\$ 2,072</u>	<u>\$ 1,196</u>	<u>\$ 1,960</u>	<u>\$ 4,660</u>	<u>\$ 3,824</u>	<u>\$ 270</u>	<u>\$ 37,769</u>

Combining Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended March 31, 2010

(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
Expenses:					
Program operations	\$ 2,145	\$ 104	\$ 463	\$ 10,569	\$ 101
Interest on long-term debt	74	135	99	1,254	1,780
Other interest	21	—	—	—	—
Depreciation and amortization	164	—	239	1,940	—
Other expenses	70	16	—	44	159
Total expenses	2,474	255	801	13,807	2,040
Program revenues:					
Charges for services	2,595	168	641	5,682	1,805
Operating grants and contributions	—	26	18	3,310	—
Capital grants and contributions	—	—	12	2,591	—
Total program revenues	2,595	194	671	11,583	1,805
Net program revenues (expenses)	121	(61)	(130)	(2,224)	(235)
General revenues:					
Non-State grants and contributions not restricted to specific programs	—	—	—	947	—
Investment earnings:					
Restricted	—	15	—	—	29
Unrestricted	32	—	1	—	1
Miscellaneous	100	14	—	384	157
Total general revenues	132	29	1	1,331	187
Change in net assets	253	(32)	(129)	(893)	(48)
Net assets—beginning of year, as restated	2,567	477	2,348	18,334	580
Net assets—end of year	\$ 2,820	\$ 445	\$ 2,219	\$ 17,441	\$ 532

See accompanying notes to the basic financial statements.

Major Component Units

Long Island Power Authority	Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
\$ 2,720	\$ 835	\$ 1,745	\$ 75	\$ 263	\$ 5,578	\$ (6)	\$ 24,592
320	421	—	146	353	75	(1,516)	3,141
10	—	—	—	—	9	—	40
255	13	—	3	—	161	—	2,775
—	20	—	—	—	493	(2)	800
<u>3,305</u>	<u>1,289</u>	<u>1,745</u>	<u>224</u>	<u>616</u>	<u>6,316</u>	<u>(1,524)</u>	<u>31,348</u>
3,312	42	1,327	179	15	2,408	(983)	17,191
—	1,269	—	1	8	3,188	(552)	7,268
—	—	—	—	186	80	—	2,869
<u>3,312</u>	<u>1,311</u>	<u>1,327</u>	<u>180</u>	<u>209</u>	<u>5,676</u>	<u>(1,535)</u>	<u>27,328</u>
<u>7</u>	<u>22</u>	<u>(418)</u>	<u>(44)</u>	<u>(407)</u>	<u>(640)</u>	<u>(11)</u>	<u>(4,020)</u>
—	—	—	—	—	128	—	1,075
—	—	525	66	155	44	—	834
5	2	—	—	—	34	—	75
29	197	28	140	362	596	—	2,007
<u>34</u>	<u>199</u>	<u>553</u>	<u>206</u>	<u>517</u>	<u>802</u>	<u>—</u>	<u>3,991</u>
41	221	135	162	110	162	(11)	(29)
289	1,851	1,061	1,798	4,550	3,662	281	37,798
<u>\$ 330</u>	<u>\$ 2,072</u>	<u>\$ 1,196</u>	<u>\$ 1,960</u>	<u>\$ 4,660</u>	<u>\$ 3,824</u>	<u>\$ 270</u>	<u>\$ 37,769</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2010

Note 1 Summary of Significant Accounting Policies

The accompanying basic financial statements of the State of New York (State) have been prepared in conformity with generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the State Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

a. Reporting Entity

The basic financial statements include all funds of the primary government, which is the State, as well as the component units and other organizational entities determined to be included in the State's financial reporting entity.

The decision to include a potential component unit in the State's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the State's reporting entity.

Blended Component Units

The New York Local Government Assistance Corporation (LGAC) was created by Chapter 220 of the Laws of 1990. LGAC is administered by seven directors consisting of the State Comptroller and the Director of the Division of the Budget, serving ex-officio, and five directors appointed by the Governor. LGAC was created to issue long-term debt on behalf of the State to finance certain local assistance aid payments plus amounts necessary to fund a capital reserve fund and other issuance costs. LGAC is legally separate but provides services exclusively to the State and therefore is reported as part of the primary government as a blended component unit.

The Tobacco Settlement Financing Corporation (TSFC) was created by Part D3 of Chapter 62 of the Laws of 2003. TSFC was created as a subsidiary of the State of New York Municipal Bond Bank Agency (Agency). The directors of the Agency are members of TSFC. TSFC is governed by a seven member board, consisting of: the Chairman of the Agency, the Secretary of State, the Director of the Budget, the State Comptroller or his appointee, and three directors

appointed by the Governor. TSFC was created to issue long-term debt on behalf of the State to finance State operations plus amounts necessary to fund a capital reserve fund and other issuance costs. TSFC is legally separate but provides services exclusively to the State and therefore is reported as part of the primary government as a blended component unit.

Discretely Presented Component Units

The public benefit corporations (Corporations) listed in Note 14 were established by State statute with full corporate powers. The Governor, with the approval of the State Senate, appoints most members of the board of directors of most Corporations and either the Governor or the board of directors selects the chairman and chief executive officer. Corporations generally submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances, accompanied by an independent auditors' report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The State Comptroller is empowered to conduct financial and management audits of the Corporations. Financial assistance was provided in the fiscal year ended March 31, 2010 to certain Corporations and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations. Since the Corporations are legally separate organizations for which the Governor and Legislature are financially accountable, they are discretely presented as component units of the State.

Related Organizations and Joint Ventures

The State's officials are also responsible for appointing the members of the boards of various related organizations (e.g., the Nassau County Interim Finance Authority), but the State's accountability for these organizations does not extend beyond making the appointments. As discussed in more detail in Note 15, the State participates in several joint ventures but only reports on one due to materiality.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity within governmental and business-type activities has been

eliminated from these statements. However, balances due and resource flows between governmental and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions or programs. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate financial statements are provided for Governmental Funds, Enterprise Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the Enterprise Funds, Component Units and the Fiduciary Funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collectible within 12 months of the end of the current fiscal period. Tax revenues are recorded by the State as taxpayers earn income

(personal income, general business and other taxes), as sales are made (consumption and use taxes) and as the taxable event occurs (miscellaneous taxes), net of estimated overpayments (refunds). Receivables not expected to be collected within the next 12 months are offset by deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 modified the recognition criteria of certain expenditures and liabilities. GASBI 6 requires that expenditures and liabilities such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies, such as local assistance grants and public benefit corporation subsidies, are recognized as expenditures when all requirements of the grant and/or subsidy have been satisfied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and Enterprise Fund financial statements to the extent that those standards do not conflict with or contradict the guidance of GASB. The State also has the option of following private-sector guidance issued after November 30, 1989 for its business-type activities, Enterprise Funds and component units. As allowed by GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the State has elected only to follow those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB), issued prior to December 1, 1989. However, the Power Authority of the State of New York and the Long Island Power Authority have elected to continue to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. In addition, the State Insurance Fund prepares financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of New York (Insurance Department). The Insurance Department recognizes only New York Statutory Accounting Practices for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law.

The State reports the following major and other governmental funds:

General Fund—is the primary operating fund of the State and is used to account for all financial transactions not required to be accounted for in another fund.

Federal Special Revenue Fund—accounts for Federal grants received by the State that are earmarked for specific programs. In order to comply with Federal accounting and reporting requirements, certain Federal grants are accounted for in a number of accounts that are combined and reported as the Federal Special Revenue Fund. Accounts that are combined include the Federal USDA-Food and Nutrition Services Account, the Federal Health and Human Services Account, the Federal Education Account, the Federal HHS Block Grant Account, the Federal Operating Grants Account, the Unemployment Insurance Administration Account, the Unemployment Insurance Occupational Training Account and the Federal Employment and Training Grants Account.

General Debt Service Fund—accounts for the payment of principal and interest on the State's general debt, the payments on certain lease/purchase or other contractual obligations and transactions related to the Tobacco Settlement Financing Corporation.

Other Governmental Funds—is a summarization of all the non-major governmental funds.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the differing measurement focuses and bases of accounting between the statements. The Statement of Activities reflects the net costs of each major function of State operations. The presentation differs from the presentation of expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds which closely matches the State's budgetary (financial plan) presentation.

The State reports the following major Enterprise Funds:

Lottery Fund—accounts for lottery revenues that are earmarked for education assistance to local school districts, administrative costs of the Division of the Lottery and payment of lottery prizes.

Unemployment Insurance Benefit Fund—accounts for employer unemployment contributions utilized for the payment of unemployment compensation benefits.

SUNY Fund—accounts for the operation of the State University of New York (SUNY). Information reported in this fund is obtained from the audited

financial statements prepared by SUNY for the fiscal year ended June 30, 2009.

CUNY Fund—accounts for the operation of the City University of New York (CUNY) Senior Colleges. Information reported in this fund is obtained from the audited financial statements prepared by CUNY for the fiscal year ended June 30, 2009.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an Enterprise Fund's principal ongoing operations. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund types of the State consist of the following:

Pension Trust Fund—accounts for the activities of the State and Local Retirement System, which accumulates resources for pension benefit payments to qualified public employees.

Private Purpose Trust Funds—are used to account for resources legally held in trust as escheat property and resources held in trust to facilitate savings for higher education expenses, pursuant to the New York State tuition savings program. There is no requirement that any portion of these resources be preserved as capital. Information reported for the tuition savings program is obtained from the audited financial statements prepared by the program for the fiscal year ended December 31, 2009.

Agency Funds—report those resources held by the State in a purely custodial capacity (assets equal liabilities).

Additionally, the State includes discretely presented component units:

Component Units—the public benefit corporations' financial statements, except for the State Insurance Fund, are prepared using the economic resources measurement focus and are accounted for on the accrual basis of accounting.

d. Cash and Investments

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally

stipulated investments, which are reported at cost, including accrued interest, which approximates fair value. Non-interest-bearing compensating balances of \$1.8 billion are included in cash and investments at March 31, 2010. At various times during the year, compensating balances could be substantially higher. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments. Additional information about the State’s cash and investments is provided in Note 2.

Generally, for purposes of reporting cash flows, cash includes cash and cash equivalents. Cash equivalents are composed of liquid assets with maturities of 90 days or less. The Enterprise Funds Statement of Cash Flows uses the direct method of reporting cash flows.

All investments with a maturity of more than a year are recorded on the Statement of Net Assets and the balance sheet at fair value and all investment income, including changes in the fair value of investments, is reported as revenue. Investments of the short-term investment pool have a maturity of one year or less and are recorded at cost. Fair values were determined using market values at the applicable entities’ year-end.

e. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. Due from Federal government represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. Other receivables represent amounts owed to the State, including lottery revenues, student loans, tobacco settlements, and patient fees of SUNY and Health Department hospitals and various mental hygiene facilities. Additional information about receivables is provided in Note 4.

f. Internal Balances

All outstanding balances between funds at the end of the fiscal year are referred to as “due to/from other funds” on the governmental fund financial statements. Generally, the effect of interfund activity within the governmental funds has been removed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” For the most part, the remaining difference is a result of different year-ends between the State and SUNY and CUNY.

g. Other Assets

Other assets in governmental activities include payments for costs applicable to future accounting periods, and other types of assets not reported on other lines. Inventories reported by the Governmental

Funds are recorded as expenditures when they are purchased. Inventories reported by the Enterprise Funds are valued at cost using the first-in/first-out (FIFO) method.

h. Capital Assets

Capital assets are reported in the government-wide Statement of Net Assets and further disclosed in Note 5. Capital assets include: land in urban centers, rural areas and forest preserves; land improvements; land preparation-roads; buildings which house State offices, correctional facilities, hospitals and educational facilities; equipment used in construction work, hospitals, offices, etc.; construction in progress; and infrastructure assets such as roads and bridges. Capital assets are reported at historical cost or estimated historical cost and donated capital assets are valued at their estimated fair market value at the date of donation.

Equipment that has a cost in excess of \$40 thousand at the date of acquisition and has an expected useful life of two or more years is capitalized. All initial building costs and building improvements and land and land improvements in excess of \$100 thousand are capitalized. Infrastructure assets in excess of \$1 million are also capitalized. Software is not capitalized. The State chose the option in GASB Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, of not recording non-major infrastructure assets at transition except for Department of Transportation (DOT) infrastructure assets. Therefore, non-DOT infrastructure assets acquired prior to April 1, 2002 were deemed to be non-major relative to total infrastructure and are not reported. However, prospective reporting of non-DOT depreciable infrastructure acquired subsequent to April 1, 2002 is included in the capital asset balances at March 31, 2010.

The costs of normal repairs and maintenance that do not add to the value or extend lives of assets materially are not capitalized, but are shown as expenses in the year incurred. Expenses relating to roads and bridges that add to the capacity and efficiency of the road and bridge networks are not expensed but are capitalized. All maintenance and preservation costs relating to roads and bridges will be expensed and not capitalized.

Buildings, land improvements and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities (Years)	Business-type Activities (Years)
Buildings and building improvements	12-60	3-50
Equipment and vehicles	4-30	3-50
Land improvements	12-30	3-50

Land preparation reflects the costs of preparing the land for the construction of roads. Since land preparation has an indefinite life, associated costs are not depreciated.

The State has elected to use the modified approach for reporting and accounting for its highways and bridges reported by DOT. The modified approach requires the State to commit to preserving and maintaining these infrastructure assets at levels established by DOT. No depreciation expense is reported for these assets and no amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. DOT maintains an inventory of these assets and performs periodic condition assessments to ensure that the predetermined condition level is maintained. Refer to the Required Supplementary Information (RSI) for additional information regarding infrastructure using the modified approach.

Capital asset reporting does not include historical artifacts, artwork and collections that are maintained by various State agencies, the State Archives, State Museum and State Library. These items are protected and preserved, held for public exhibition and educational purposes, and the proceeds from the sale of items are used to acquire new items for the collection.

Capital assets in business-type activities and Enterprise Funds are from SUNY and CUNY. These capital assets are stated at cost, or in the case of gifts, fair value at the date of receipt. SUNY capitalizes building renovations and additions costing over \$100 thousand and equipment items with a unit cost of more than \$5 thousand. SUNY reports all artwork, historical treasures and library books. CUNY capitalizes renovations and improvements that significantly increase the value or extends the useful lives of the structures and equipment with a cost of more than \$5 thousand and useful lives of two or more years. CUNY reports artwork, historical treasures and library books with a unit cost of more than \$5 thousand. SUNY and CUNY capital assets, with the exception of land, construction in progress and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives ranging from 3 to 50 years.

i. Long-Term Obligations

In the government-wide financial statements and Enterprise Funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Assets. Bond premiums, discounts, issuance costs and deferred loss on refunding are deferred and amortized over the life of the bonds using the straight-line method for governmental activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as non-personal service expenditures.

j. Compensated Absences

The estimated vacation leave liability for State employees at March 31, 2010 is \$767 million and represents a decrease of \$109 million over the prior year. State employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days per year, but may accumulate no more than a maximum of 40 days.

SUNY employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 21 days per year and may accumulate no more than a maximum of 40 days. CUNY employees accrue vacation leave based upon the number of years employed, with the maximum accumulation generally ranging from 45 to 50 days. The liability for vacation leave approximated \$228 million and \$61 million for SUNY and CUNY, respectively, at June 30, 2009.

CUNY employees may receive payments of up to 50 percent of the value of their accumulated sick leave as of the date of retirement from CUNY. CUNY reported a liability of \$36 million for sick leave credits in accrued liabilities as of June 30, 2009.

k. Accounting for Lease Purchase and Other Financing Arrangements

The construction of certain State office buildings, campus facilities and other public facilities has been financed through bonds and notes issued by public benefit corporations pursuant to lease/purchase and other financing arrangements with the State. The State has also entered into financing arrangements with public benefit corporations that have issued bonds to finance past State budgetary deficits and grants to local governments for both capital and operating purposes (see Note 7).

These lease/purchase and other financing arrangements, which the State will repay over the duration of the agreements, constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing arrangements consists of total future principal payments and equals the outstanding balance of the related bonds and notes. Reporting relative to capitalized interest is not included for leased capital assets.

l. State Lottery

The State Lottery is accounted for within an Enterprise Fund. The revenues, administrative costs, aid to education and expenses for amounts allocated to prizes are reported, and uncollected ticket sales at March 31, 2010 are accrued. Prize monies to meet long-term prize payments are invested in United States government-backed obligations and New York City municipal bonds, and are recorded at fair value. Lottery prize liabilities are recorded at a discounted value equivalent to the related investments. At March 31, 2010, the prize liabilities of approximately \$2.3 billion were reported at a discounted value of approximately \$1.4 billion (at interest rates ranging from 0.18 percent to 9.4 percent).

m. Net Assets

Net assets are reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge or otherwise mandate payment of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups or the judiciary) can compel the government to honor. At March 31, 2010, \$2.7 billion (comprised of \$2.3 billion restricted for debt service, \$161 million restricted for Metropolitan Transportation Authority assistance, \$67 million for trusts restricted by their donors, \$52 million restricted for environmental conservation, and \$107 million restricted for various purposes) was reported as restricted net assets because of restrictions imposed by enabling legislation. When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

The following terms are used in the reporting of net assets:

Debt Service

Net assets restricted for the payment of future debt service payments from various capital reserve funds.

Other Specified Purposes

Net assets restricted for the funding of various mass transportation projects, environmental remediation projects, payment of future lottery prizes, and various other legally restricted funds.

Unrestricted Net Asset (Deficit)

Unrestricted net asset (deficit) is the amount by which liabilities exceed the total assets of the State less net assets invested in capital assets net of related debt and those restricted net assets described above.

n. Reservations of Fund Balance

Reserved fund balances indicate that portion of fund balance that is not available for appropriation or is legally segregated for specific future use.

The following terms are used in the reporting of reservations of fund balance:

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Other Governmental Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Debt Service

Fund balance reserved for debt service represents various capital reserve assets available to finance future debt service payments in accordance with the underlying bond indentures.

Tax Stabilization

Pursuant to law, receipts in excess of disbursements of the General Fund (Local Assistance and State Purposes Accounts) not otherwise appropriated are required to be transferred to the Tax Stabilization Reserve Account at the end of each fiscal year. These amounts may be borrowed by these two accounts temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year-end. Generally, these loans must be repaid within six years in no less than three equal annual installments.

Other Specified Purposes

As of March 31, 2010, the Governmental Funds had an other specified purposes balance of \$375 million consisting of \$273 million in the General Fund and \$102 million in Other Governmental Funds. Other specified purposes in the General Fund included \$175 million for rainy day reserves, \$55 million reserved for the Consolidated Highway Improvement Program, \$22 million for community projects, \$2 million for appropriated loans and \$19 million for contingency reserves. Other specified purposes in the Other Governmental Funds included \$87 million for appropriated loans and \$15 million for the Public Asset Fund.

o. Post-Retirement Benefits

Other postemployment costs are measured and disclosed using the accrual basis of accounting in the government-wide statements (see Note 13). In addition to providing pension benefits, the State is statutorily required to provide health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the State and the retired employee. The State, including the Lottery, recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the respective fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary. During the year, approximately \$10 million was paid on behalf of 3,598 retirees and recorded as an expenditure in the General Fund.

p. Deficit Fund Balances

As of March 31, 2010, fund deficits were reported in the following Capital Projects Funds: the Housing Program Fund (\$148 million), the Hazardous Waste Remedial Fund (\$36 million) and the Department of Transportation Engineering Services Fund (\$23 million). The deficits related to the Capital Projects Funds are the result of differences in cash flow timing relating to the reimbursement of capital project costs

and contractual commitments from bond proceeds, and are routinely resolved during subsequent fiscal years. The ENCON Special Revenue Fund (\$19 million) and the Mass Transportation Operating Assistance Fund (\$73 million), both of which are Special Revenue Funds, also had fund deficits. The deficits are the result of timing differences between the receipt of cash and the transfer of funds to finance operating expenditures. The State Housing Debt Service Fund reported a \$1 million deficit due to a timing difference between debt service expenditures and revenues.

q. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

r. Adoption of New Accounting Pronouncements

During the fiscal year ended March 31, 2010, the State adopted GASB Statement 52 (GASBS 52), *Land and Other Real Estate Held as Investments by Endowments*, which requires that land and other real estate held as investments by endowments be reported at fair value. Implementation of GASBS 52 did not require modification to the financial statements.

Note 2 Cash and Investments

Information on cash and investments of the Pension Trust Fund is presented in Note 12.

Governmental Activities, Private Purpose and Agency Funds

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Cash deposits in the State Treasury are under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. Cash balances not required for immediate use are invested in a short-term investment pool (STIP) administered by the State Comptroller or by the fund custodian to maximize interest earnings. Cash is invested in repurchase agreements involving United States Treasury obligations, United States Treasury bills, commercial paper, government sponsored agencies, and certificates of deposit. Cash deposits not held in the State Treasury are under the sole custody of a specified State official and are generally held in interest-bearing accounts. Both the State Comptroller

and the Commissioner of Taxation and Finance are sole custodians of certain accounts.

The custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For demand accounts, checking accounts or certificates of deposit, the State requires that its depository banks pledge collateral or provide a surety bond based on actual and average daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the State and are valued on a monthly basis. Surety bonds will be accepted only from AAA rated insurance companies. The use of average daily available balances to determine collateral requirements may result in the available balances being under-collateralized at various times during the fiscal year. The State's cash management policy is to invest all major revenues as soon as the monies are available within the banking system, which

limits under-collateralization. The State's cash deposits with financial institutions were fully collateralized at fiscal year-end with a book and bank balance of \$5.1 billion. Included in these balances are certificates of deposit held in STIP with a book and bank balance of \$2.6 billion.

For the fiscal year ended March 31, 2010, the average daily balance of STIP was \$6.6 billion, with an average yield of 0.3 percent and total investment income of \$22.4 million.

Investments

The State holds investments both for its own benefit and as an agent for other parties. Major investment programs conducted for the direct benefit of the State

include STIP, which is used for the temporary investment of funds not required for immediate payments, and sole custody funds administered by the Department of Taxation and Finance.

Investments are made in accordance with State Finance Law and vary by fund but generally include: obligations of, or guaranteed by, the United States; obligations of New York State and its political subdivisions; certificates of deposit; savings bank trust company notes; bankers' acceptances; repurchase agreements; corporate bonds; and commercial paper.

As of March 31, 2010 (except for the Tuition Savings Program, which is as of December 31, 2009), the State had the following investments and maturities (amounts in millions):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury bills	\$ 1,778	\$ 1,778	\$ —	\$ —	\$ —
U.S. Treasury notes	730	272	458	—	—
U.S. Treasury strips	112	—	112	—	—
Government sponsored agencies	2,722	2,709	13	—	—
Repurchase agreements	462	400	62	—	—
Commercial paper	2,429	2,429	—	—	—
Certificates of deposit	262	262	—	—	—
Money markets	102	102	—	—	—
Forward purchase agreements	57	—	—	—	57
Other	109	86	2	—	21
Subtotal	8,763	\$ 8,038	\$ 647	\$ —	\$ 78
Mutual funds	9,052				
Investments held in an agent or trust capacity	501				
Total	\$ 18,316				

Included in the table are securities which either were not acquired for investment purposes or cannot be classified or categorized, and are being held by the State in an agent or trust capacity. Employers seeking self-insurer status for workers' compensation purposes may deposit securities specified by Section 235 of the New York State Banking Law with the Chairman of the Workers' Compensation Board. Acting as an agent for the employers, the State holds these securities (carrying amount \$44 million, which approximates fair value) only as an agent for the employers. Securities which are unclaimed at financial institutions are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures. These securities had a carrying amount and fair value of \$399 million at March 31, 2010. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of \$58 million).

In addition to the securities held by the Workers' Compensation Board noted above, the State holds \$2.8 billion in surety bonds and letters of credit which are not included in the table above.

Credit Risk

State law limits investments in commercial paper, repurchase agreements and corporate bonds to the highest ratings issued by two nationally recognized statistical rating organizations (NRSROs). Investments in commercial paper and repurchase agreements are limited to a rating of A-1 by Standard & Poor's Corporation (S&P) and P-1 by Moody's Investors Service, Inc (Moody's). If an investment in commercial paper drops in rating below the legal requirements during the year, the State investment staff would consult with appropriate advisors to determine what action, if any, should be taken. Repurchase agreements are collateralized with U.S. Treasury obligations. Investments in money market funds are unrated.

The Tuition Savings Program, a Private Purpose Trust Fund, has certain underlying mutual funds invested in fixed income securities which are subject to classification of risk under GASB Statement 40, *Deposit and Investment Risk Disclosures*. Investing in fixed income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields, and share price fluctuations due to changes in interest rates. The underlying mutual funds in which the

Tuition Savings Program invests are not rated by any NRSRO. Certain mutual funds in the Tuition Savings Program invest primarily in bonds rated Ba or B by Moody's, or BB or B by S&P. These lower rated bonds, commonly referred to as "junk bonds," are subject to greater credit risk, and are generally less liquid than higher-rated, lower yielding bonds.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held either by: (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The risk is that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The State's policy is to hold all of its investments in the State's name; however, the investments listed below are exposed to custodial credit risk because they are not held by the State but are held by a public benefit corporation in the public benefit corporation's name. The following table presents the fair value of investments by type (amounts in millions):

Investment Type	Fair Value
U.S. Treasury bills	\$ 1,410
U.S. Treasury notes	393
Government sponsored agencies	2,722
Repurchase agreements	72
Forward purchase agreements	57
Other	106
Total	\$ 4,760

Interest Rate Risk

The fair values of the State's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

The State manages its interest rate risk by limiting the majority of its investments to a maturity structure of one year or less. Additionally, the State holds its investments to maturity, which minimizes the occurrence of a loss on an investment.

The State's investments in mutual funds and equity securities have no stated maturity and have not been allocated on the preceding table to a time period.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer (five percent or more of total investments). To mitigate this risk, it is the policy of the State to maintain a diversified portfolio among a variety of investment instruments in which it is legally permitted to invest.

Foreign Currency Risk

The State Finance Law, Section 98-a, does not expressly permit investment in foreign currency and there is no formal policy related to foreign currency; however, the Tuition Savings Plan has certain underlying mutual funds which invest in foreign securities. There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

Business-type Activities

Deposits

SUNY does not have a formal policy for collateral requirements for cash deposits. Deposits not held in the State Treasury that are not covered by depository insurance are: uncollateralized (\$69 million); collateralized with securities held by a pledging financial institution (\$20 million); or collateralized with securities held by a pledging financial institution's trust department or agency, but not in SUNY's or an affiliate's name (\$9 million).

CUNY's cash and cash equivalents were held by depositories and amounted to \$617 million, of which \$22 million was insured and \$595 million was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in CUNY's name.

Investments

Generally, SUNY and CUNY are allowed to invest in a diverse investment portfolio. Permitted investments include, but are not limited to, obligations of the U.S. Government and its agencies, municipal debt securities, repurchase agreements, corporate bonds, commercial paper, equity securities, mutual funds, asset-backed securities, money market funds and security lending transactions.

The Lottery is authorized by State statute to invest in U.S. Government-backed obligations and New York City municipal bonds that provide for payment of prizes payable.

As of June 30, 2009 (except for the State Lottery which is as of March 31, 2010), the business-type activities had the following investments and maturities (amounts in millions):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Municipal bonds	\$ 394	\$ 34	\$ 106	\$ 86	\$ 168
Aid bonds	669	58	181	146	284
U.S. Treasury strips	442	45	125	92	180
U.S. Treasury bills	400	400	—	—	—
U.S. Treasury notes/bonds	127	86	38	3	—
Mutual fund non-equities	27	17	6	4	—
U.S. agency mortgage-backed securities	79	64	—	—	15
Government sponsored agencies	278	237	9	27	5
Corporate bonds	78	3	47	19	9
Asset-backed securities	6	—	—	—	6
Repurchase agreements	2	2	—	—	—
International fund non-equities	6	—	2	2	2
U.S. Government TIPS	3	—	1	—	2
Certificates of deposit	8	8	—	—	—
Subtotal	2,519	\$ 954	\$ 515	\$ 379	\$ 671
Equity securities	310				
Cash equivalents	249				
Money market funds	154				
Corporate stocks	139				
Mutual fund equities	80				
Alternative investments	53				
International stocks	18				
International mutual fund equities	9				
Other	30				
Total	\$ 3,561				

Credit Risk

Generally, SUNY individual fixed income investment securities must be of investment grade. SUNY maintains a portfolio which possesses an overall weighted average rating by Moody's and S&P of at least A. Private placement securities must be rated A3 or higher by Moody's or A- or higher by S&P. Parameters exist that allow some limited investments in non-investment grade securities; however, investments rated below B3 by Moody's or B- by S&P are prohibited.

CUNY's investment policy requires that the overall average quality of each fixed income portfolio be AA or higher. Non-rated issues or issues below investment grade (BBB) may be purchased up to a maximum of 15 percent of the portfolio. CUNY's policy does not otherwise place formal limitations on credit risk.

As of June 30, 2009 (except for the State Lottery which is as of March 31, 2010), the business-type activities had the following investments with ratings (amounts in millions):

Investment Type	AAA	AA	A	BBB	BB	B	Not Rated
Municipal bonds	\$ 393	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Aid bonds	669	—	—	—	—	—	—
Mutual funds non-equities	15	—	—	—	5	—	7
Asset-backed securities	3	1	—	—	—	1	1
Corporate bonds	8	10	37	20	1	1	1
U.S. agency mortgage-backed securities	79	—	—	—	—	—	—
Government sponsored agencies	265	—	—	—	—	—	13
Repurchase agreements	—	—	—	—	—	—	2
International funds non-equities	2	1	1	1	—	—	1
Total	\$ 1,434	\$ 12	\$ 38	\$ 21	\$ 6	\$ 2	\$ 26

Custodial Credit Risk

At June 30, 2009, SUNY had \$803 million in cash and investments held by the Dormitory Authority of the State of New York (DASNY), which represents bond proceeds needed to finance capital projects and to establish required building and equipment replacement and debt service reserves. These cash and investments are registered in SUNY's name and held by an agent or in a trust in SUNY's name. SUNY's investment policy does not formally address custodial credit risk.

At June 30, 2009, CUNY's \$399 thousand in securities lending transactions are held in the name of the investment's counterparty, not in CUNY's name. CUNY also has \$362 million held by DASNY or the bond trustee, not in CUNY's name. CUNY's investment policy does not formally address custodial credit risk.

Securities Lending

CUNY lends certain securities to broker-dealers and other entities under a contractual agreement with its custodian. In exchange for the securities loaned, CUNY receives collateral, which has an underlying fair value in amounts not less than 102 percent of securities lent. The custodian may invest the cash collateral in U.S. Government securities or repurchase agreements, which are fully collateralized by U.S. Government securities, high grade corporate obligations, high grade asset-backed securities or domestic money market instruments (carrying amount and fair value of \$2 million). The custodian may not invest the collateral in any securities which cause the dollar-weighted average portfolio maturity of the cash collateral to exceed 45 days or the dollar-weighted average mismatch (the relationship between the maturities of the invested collateral and the maturities of the securities loaned) to exceed 30 days.

The CUNY Senior Colleges are indemnified against borrowers who fail to return securities, provide inadequate collateral to replace the securities, or fail to pay distributions by securities' issuers while the securities are on loan. Further, CUNY cannot pledge or sell any of the collateral received unless the borrower defaults. At June 30, 2009, CUNY had no credit risk resulting from securities lending transactions.

At June 30, 2009, investments include \$399 thousand of repurchase agreements that have been lent out in accordance with securities lending contracts for which cash collateral has been received. Further, at June 30, 2009, CUNY also received securities having a fair value of \$1 million as collateral on securities lending contracts.

Interest Rate Risk

SUNY has policies in place that limit fixed income investment duration within certain benchmarks, and a highly diversified portfolio is maintained which limits interest rate exposure. CUNY's investment policy does not formally limit investment maturities as a means of managing exposure to fair market value losses arising from increased interest rates. The Lottery's policy for managing interest rate risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to the stated maturity value.

Foreign Currency Risk

SUNY has no formal policy related to foreign currency risk; however, their primary means of control is placing limits on non-U.S. categories of investments. SUNY's exposure to foreign currency risk for investments held at June 30, 2009, by currency denomination, was as follows (amounts in millions):

Currency	Fair Value
Japanese Yen	\$ 4
Euro	4
British Pound Sterling	2
Hong Kong Dollar	2
Taiwanese Dollar	1
South Korean Won	1
Brazilian Real Cruzeiro	1
Malaysian Ringgit	1
Other	3
Total	\$ 19

Investment Pool

CUNY has certain assets included with investments in the accompanying financial statements which are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the fair value per unit determined quarterly. At June 30, 2009, the investment pool consisted of 118.5 million units with a fair value of \$118.5 million.

Note 3 Taxes Receivable and Tax Refunds Payable

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2009 calendar year and the first quarter of the 2010 calendar year, including prior year assessments for underpayments, penalties and interest. Taxes receivable are accrued when they become both measurable and available, based on actual collections or estimates of amounts to be collected during the next 12 months.

Personal income tax (PIT) revenues are reported as income is earned by the taxpayers. The primary components of the PIT receivable are the estimated and withholding payments that relate to the first quarter of the 2010 calendar year, payments with final returns which relate to the 2009 calendar year, and assessments which relate to prior tax periods.

Consumption and use tax revenues are reported in the fiscal period when the sale is made. The principal component of this receivable is sales tax receivables, which include sales tax due through March 31, 2010 and assessments which relate to prior tax periods.

General business tax revenues are reported as businesses earn income. General business tax receivables are comprised of estimated tax payments, payments remitted with final returns, and assessments.

Other taxes receivable are comprised of estate and gift taxes, real property gains taxes, real estate transfer taxes, metropolitan commuter transportation mobility taxes and assessments.

Taxes receivable at March 31, 2010 for the governmental funds totaled \$10.5 billion. The following table summarizes taxes receivable by major tax type for the governmental funds (amounts in millions):

	General	General Debt Service	Other Governmental Funds	Total Governmental Funds
Current taxes receivable:				
Personal income	\$ 5,601	\$ 1,935	\$ —	\$ 7,536
Consumption and use	671	—	365	1,036
Business	571	—	57	628
Other	738	—	174	912
Subtotal	7,581	1,935	596	10,112
Long-term taxes receivable:				
Personal income	196	65	—	261
Consumption and use	52	—	18	70
Business	205	—	—	205
Other	161	—	—	161
Subtotal	614	65	18	697
Allowance for uncollectibles	(223)	(13)	(24)	(260)
Total	\$ 7,972	\$ 1,987	\$ 590	\$ 10,549

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2009 calendar year and first quarter 2010 calendar year tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount of PIT refunds payable are comprised of

estimates of overpayments of the first calendar quarter (2010) tax liability and payments of 2009 calendar and prior year refunds. The remaining portion of tax refunds payable are comprised of payments made subsequent to the end of the fiscal year and estimates of a remaining refund liability.

Tax refunds payable at March 31, 2010 are summarized as follows (amounts in millions):

	Current			Total	
	General	General Debt Service	Other Governmental Funds	Current	Long-term
Governmental Activities:					
Personal income	\$ 5,418	\$ 1,767	\$ —	\$ 7,185	\$ 316
Consumption and use	61	—	37	98	217
Business	1,465	—	194	1,659	268
Other	52	—	1	53	22
Total	\$ 6,996	\$ 1,767	\$ 232	\$ 8,995	\$ 823

Note 4 Other Receivables

Other receivables at March 31, 2010 are summarized as follows (amounts in millions):

	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Activities
Governmental Activities:					
Other current receivables:					
Public health/patient fees	\$ —	\$ —	\$ —	\$ 574	\$ 574
Medicaid	570	327	—	—	897
Tobacco settlement	—	—	411	—	411
Appropriated loans	—	—	—	13	13
Miscellaneous agency	169	—	—	6	175
Oil spill	—	—	—	125	125
Workers' compensation	—	—	—	190	190
Other	78	17	—	28	123
Subtotal	817	344	411	936	2,508
Other long-term receivables:					
Public health/patient fees	—	—	—	34	34
Medicaid	—	119	—	—	119
Appropriated loans	23	—	—	174	197
Miscellaneous agency	99	—	—	20	119
Oil spill	—	—	—	72	72
Other	—	—	—	7	7
Subtotal	122	119	—	307	548
Gross receivables	939	463	411	1,243	3,056
Allowance for uncollectibles	(76)	(25)	—	(312)	(413)
Total receivables	\$ 863	\$ 438	\$ 411	\$ 931	\$ 2,643
Enterprise Funds:					
Other current receivables:					
Ticket sales	\$ 417	\$ —	\$ —	\$ —	\$ 417
Public health/patient fees	—	—	632	—	632
Student loans	—	—	162	40	202
Contributions	—	2,623	—	—	2,623
Benefit overpayments	—	222	—	—	222
State agencies/municipalities	—	45	—	—	45
Other	1	7	275	117	400
Subtotal	418	2,897	1,069	157	4,541
Allowance for uncollectibles	(1)	(1,047)	(219)	(28)	(1,295)
Net current receivables	417	1,850	850	129	3,246
Other long-term receivables:					
Accounts, notes and loans	—	—	137	20	157
Contributions	—	—	22	—	22
Allowance for uncollectibles	—	—	(22)	(16)	(38)
Net long-term receivables	—	—	137	4	141
Total receivables	\$ 417	\$ 1,850	\$ 987	\$ 133	\$ 3,387

Other receivables, in the tables above, include monies advanced in the form of loans from the Governmental Funds to finance the operations, construction or debt service of local governments and public benefit corporations. The appropriation bills

authorizing these loans provide that the advanced amounts will be repaid pursuant to repayment agreements. The loans are reported net of estimated uncollectible amounts and as a reservation of fund balance (other specified purposes).

Note 5 Capital Assets

Capital asset activity for the year ended March 31, 2010 was as follows (amounts in millions):

	Balance April 1, 2009	Additions	Retirements	Balance March 31, 2010
Governmental Activities:				
Depreciable assets:				
Buildings and building improvements	\$ 9,628	\$ 371	\$ 71	\$ 9,928
Land improvements	503	39	1	541
Infrastructure	177	28	—	205
Equipment	667	76	26	717
Total depreciable assets	10,975	514	98	11,391
Less accumulated depreciation:				
Buildings and building improvements	(5,033)	(290)	(30)	(5,293)
Land improvements	(314)	(19)	(1)	(332)
Infrastructure	(17)	(7)	—	(24)
Equipment	(431)	(51)	(22)	(460)
Total accumulated depreciation	(5,795)	(367)	(53)	(6,109)
Total depreciable assets, net	5,180	147	45	5,282
Non-depreciable assets:				
Land	3,789	50	2	3,837
Land preparation	3,191	80	—	3,271
Construction in progress (buildings)	444	357	302	499
Construction in progress (roads and bridges)	3,248	925	768	3,405
Infrastructure (roads and bridges)	64,567	780	206	65,141
Total non-depreciable assets	75,239	2,192	1,278	76,153
Governmental activities, capital assets, net	\$ 80,419	\$ 2,339	\$ 1,323	\$ 81,435

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Business-type Activities:				
SUNY:				
Depreciable assets:				
Infrastructure and land improvements	\$ 594	\$ 80	\$ 9	\$ 665
Buildings	6,338	385	38	6,685
Equipment and library books	2,306	197	81	2,422
Total depreciable assets	9,238	662	128	9,772
Less accumulated depreciation:				
Infrastructure and land improvements	(335)	(22)	(8)	(349)
Buildings	(2,787)	(172)	(36)	(2,923)
Equipment and library books	(1,602)	(203)	(74)	(1,731)
Total accumulated depreciation	(4,724)	(397)	(118)	(5,003)
Total depreciable assets, net	4,514	265	10	4,769
Non-depreciable assets:				
Land	303	11	—	314
Construction in progress	900	724	499	1,125
Artwork	28	—	—	28
Total non-depreciable assets	1,231	735	499	1,467
SUNY capital assets, net	5,745	1,000	509	6,236
CUNY:				
Depreciable assets:				
Buildings and building improvements	3,161	182	1	3,342
Land improvements	52	1	1	52
Equipment	347	43	19	371
Infrastructure	104	6	—	110
Total depreciable assets	3,664	232	21	3,875
Less accumulated depreciation:				
Buildings and building improvements	(1,451)	(115)	—	(1,566)
Land improvements	(49)	—	—	(49)
Equipment	(280)	(35)	(18)	(297)
Infrastructure	(15)	(6)	—	(21)
Total accumulated depreciation	(1,795)	(156)	(18)	(1,933)
Total depreciable assets, net	1,869	76	3	1,942
Non-depreciable assets:				
Land	209	24	—	233
Construction in progress	614	341	168	787
Artwork and historical treasures	8	—	—	8
Total non-depreciable assets	831	365	168	1,028
CUNY capital assets, net	2,700	441	171	2,970
Business-type activities, capital assets, net	\$ 8,445	\$ 1,441	\$ 680	\$ 9,206

For the year ended March 31, 2010, depreciation expense was charged to the following governmental functions (amounts in millions):

	Governmental Activities
Allocation of Depreciation:	
Education	\$ 3
Public health	116
Public welfare	9
Public safety	122
Transportation	32
Environment and recreation	18
Support and regulate business	2
General government	65
Total depreciation expense	\$ 367

For the year ended June 30, 2009, depreciation expense was charged to the following business-type functions (amounts in millions):

	Business-type Activities
Allocation of Depreciation:	
SUNY	\$ 397
CUNY	156
Total depreciation expense	\$ 553

Note 6 Bonds Payable

General obligation bonds are backed by the full faith and credit of the State and constitutionally must be repaid in equal annual principal installments or substantially level or declining debt service payments beginning not more than one year after issuance of such bonds. They mature within 40 years after issuance. The Debt Reform Act of 2000 further limits the

maximum term of new State-supported debt issued on and after April 1, 2000, including general obligation bonds, to a maximum term of 30 years. Refer to Note 7 for further discussion of the Debt Reform Act of 2000.

Changes for the year in bonds payable were as follows (amounts in millions):

Purpose	Outstanding April 1, 2009	Issued	Redeemed	Outstanding March 31, 2010
Accelerated capacity and transportation improvements of the 1990s	\$ 649	\$ 40	\$ 136	\$ 553
Clean water/clean air	841	158	200	799
Environmental quality:				
Land acquisition	61	6	21	46
Solid waste management	537	190	255	472
Environmental quality protection:				
Air	21	—	3	18
Land and wetlands	48	3	11	40
Water	125	1	13	113
Housing:				
Low income	60	—	11	49
Middle income	46	—	5	41
Pure waters	91	1	9	83
Rail preservation	17	—	5	12
Transportation capital facilities:				
Mass transportation	25	—	8	17
Aviation	27	—	4	23
Energy conservation through improved transportation	25	—	4	21
Rebuild New York—transportation infrastructure renewal:				
Highways, parkways, bridges	5	1	2	4
Rapid transit, rail, aviation	24	—	2	22
Rebuild and Renew New York transportation:				
Highway facilities	323	215	17	521
Canals and waterways	8	6	1	13
Aviation	16	17	1	32
Mass transit—DOT	12	—	1	11
Mass transit—MTA	322	148	11	459
Rail and port—DOT	40	12	1	51
Total	\$ 3,323	\$ 798	\$ 721	\$ 3,400

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were \$478 million. The total amount of general obligation bonds authorized but not issued at March 31,

2010 was \$2.2 billion. At March 31, 2010, approximately \$86 million of bonds defeased by refunding transactions in prior years remain outstanding.

Debt service requirements for general obligation bonds in future years, which are financed by transfers

Fiscal Year	Principal	Interest	Total
2011	\$ 365	\$ 135	\$ 500
2012	344	122	466
2013	319	110	429
2014	288	97	385
2015	263	86	349
2016-2020	879	295	1,174
2021-2025	399	174	573
2026-2030	295	99	394
2031-2035	142	47	189
2036-2040	106	15	121
Total	\$ 3,400	\$ 1,180	\$ 4,580

Debt service requirements on approximately \$152 million in general obligation variable rate bonds were calculated using the variable rates in effect as of March 31, 2010, which ranged from 0.2 percent to 1.7 percent. Debt service requirements for fixed rate issues were calculated based upon actual rates ranging from 1 percent to 6.6 percent.

from the General Fund to the General Debt Service Fund, are as follows (amounts in millions):

During the fiscal year ended March 31, 2010, a \$349 million general obligation refunding (Series 2009C) was issued at a premium of \$18 million. The issue refunded \$366 million in existing debt with a cash flow savings of \$31 million and present value savings of \$24 million.

Note 7 Obligations Under Lease/Purchase and Other Financing Arrangements

Governmental Activities Debt

The State has entered into contractual financing arrangements with certain public benefit corporations and other entities for various capital assets, local assistance payments and deficit financing. Under these agreements, generally construction costs are initially paid by the State from appropriations (reported as capital construction expenditures in the Governmental Funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as financing arrangements in the Governmental Funds). The State becomes the tenant of the facility under a lease/purchase agreement, which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with certain public benefit corporations that have issued bonds to finance past State budgetary deficits, grants to local governments and various special project initiatives undertaken in partnership with private entities, including commercial enterprises, for both capital and operating purposes. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities.

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act (Act) which applies to all new State-supported debt issued on and after April 1, 2000. The Act imposes statutory limitations which restrict the

issuance of State-supported debt to capital purposes only and establishes a maximum term of 30 years for such debt. The Act also imposes phased-in caps that ultimately limit the amount of new State-supported debt (issued on and after April 1, 2000) to 4 percent of State personal income, and new State-supported debt service (on debt issued on and after April 1, 2000) to 5 percent of total governmental funds receipts. The Act requires the limitations be calculated by October 31st of each year using the new State-supported debt outstanding and new State-supported debt service from the previous fiscal year. For the fiscal year ended March 31, 2009, the cumulative debt outstanding and debt service caps were both 3.65 percent. There was \$25 billion of new State-supported debt outstanding applicable to the debt reform cap, which was about \$9.2 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was \$1.9 billion, about \$2.5 billion below the statutory debt service limitation. The Act does not apply to debt which is not considered State-supported and therefore does not encompass State-guaranteed debt, moral obligation debt, and contingent-contractual obligation financing such as the bonds issued by the Tobacco Settlement Financing Corporation (TSFC).

The State and some of its public authorities who issue debt on behalf of the State have purchased letters of credit and standby purchase agreements from various providers to ensure that the liquidity needs of variable rate demand bonds can be met. As of March 31, 2010, these agreements covered \$3.5 billion of variable rate demand bonds outstanding, with costs ranging from 28

to 127.5 basis points of the amount of credit provided with expiration dates ranging from June 22, 2010 to December 31, 2015.

In 2003, the State enacted legislation creating the TSFC to finance a portion of its future revenues expected to be received under the 1998 Master Settlement Agreement (MSA) with the settling cigarette manufacturers. The future MSA revenues are to compensate the State for all claims for past, present, and future health care costs originating from health care expenses incurred by the State from the effects of cigarette smoking by its citizens. In accordance with the legislation, TSFC issued \$4.6 billion in bonds to finance a payment of \$4.2 billion to the State's General Fund, enabling it to finance a portion of the budget deficits occurring in fiscal years ending March 31, 2003 through March 31, 2005, to establish \$449 million in debt service reserves, and to provide \$129 million to finance a portion of the first debt service payments due on TSFC bonds. In accordance with the legislation, all future revenues from the 1998 MSA will be used to repay the debt until it is fully retired, after which all funds of TSFC will revert to the State. The State has agreed to make additional payments for TSFC debt service, subject to annual appropriation, from other sources if the future revenues prove insufficient to meet TSFC debt service requirements of the State.

In 2001, the State enacted legislation providing for the issuance of State Personal Income Tax Revenue Bonds (PIT) to be issued by several State public benefit corporations. The legislation provides that 25 percent of personal income tax receipts, excluding refunds owed to taxpayers, be deposited to the Revenue Bond Tax Fund which is an account of the General Debt Service Fund. These deposits are used to make debt service payments on PIT bonds, with excess amounts returned to the General Fund. In the event that the State Legislature fails to appropriate amounts required to make debt service payments on the PIT bonds, or if required payments have not been made when due, the legislation requires that deposits continue to be made to the Revenue Bond Tax Fund until amounts on deposit equal the greater of 25 percent of personal income tax receipts or \$6 billion. Amounts in excess of that needed for current debt service are subsequently transferred to the General Fund. The first PIT bonds were issued on May 9, 2002 and approximately \$18.2 billion were outstanding as of March 31, 2010.

Prior to 1996, certain payments due to the State's local government units in the first quarter of the State's fiscal year exceeded available State funds. To meet these payments in the past, the State issued short-term tax and revenue anticipation notes called the annual "Spring Borrowing". The New York Local Government

Assistance Corporation (LGAC) was established in 1990 to issue up to \$4.7 billion in long-term debt to finance certain local assistance aid payments plus amounts necessary to fund a capital reserve fund and other issuance costs. Issuance of the entire \$4.7 billion bond authorization as of March 31, 1996 eliminated the need for the State's annual Spring Borrowing. Pursuant to the legislation establishing LGAC, the State deposits an amount equal to a 1 percent rate of taxation of the total State sales and use tax collected into Other Governmental Funds (Local Government Assistance Tax Fund) to make payments to LGAC for debt service on its bonds and other expenses of LGAC. Amounts in excess of LGAC's needs are subsequently transferred to the General Fund. Payments to LGAC are subject to annual appropriations by the Legislature. LGAC's bondholders do not have a lien on monies deposited in the Local Government Assistance Tax Fund. Under current State statute, any issuance of bonds by LGAC in the future will be for refunding purposes only.

Chapter 62 and Chapter 63 of the Laws of 2003 enacted, among other provisions, the Municipal Assistance Refinancing Act (Act), effective July 1, 2003 and deemed repealed July 1, 2034. The Act created an incentive for the State to seek an appropriation to provide \$170 million per year, from Other Governmental Funds (Local Government Assistance Tax Fund (Fund)) to the City of New York (City) for each of the City's fiscal years beginning July 1, 2003 and ending June 30, 2034. The Act requires LGAC to annually certify \$170 million so that the State, subject to annual State appropriation by the legislature, can provide for a series of payments to the City or the Mayor's assignee in each City fiscal year, beginning July 1, 2003 and ending June 30, 2034, totaling \$5.3 billion. Based on current law, until the legislature enacts an appropriation of \$170 million, LGAC certifies the release of the funds, the \$170 million State payment is made, and LGAC receives the amount it has certified for its needs, no excess sales tax receipts can be transferred from the Fund to the State's General Fund. During the fiscal year ended March 31, 2010, LGAC certified the release for the State payment of \$170 million to the City.

Chapter 56 of the Laws of 1993 authorized the New York State Thruway Authority to issue up to \$2.93 billion in bonds for State highway and bridge projects (the amount of authorized bonds has been raised three times, most recently in 2005, up to \$16.5 billion). The bonds are secured and funded by a dedication of portions of the State's petroleum business tax, motor fuel tax, highway and fuel use tax, motor vehicle registration fees, auto rental tax, transmission and transportation tax and certain miscellaneous revenues.

Changes in lease/purchase and other financing arrangements for the year were as follows (amounts in millions):

Issuer	Outstanding April 1, 2009	Issued	Redeemed	Outstanding March 31, 2010
Public Benefit Corporations (PBCs):				
Dormitory Authority	\$ 8,307	\$ 2,413	\$ 1,434	\$ 9,286
Environmental Facilities Corporation	1,083	—	67	1,016
Energy Research & Development Authority	1	—	1	—
Housing Finance Agency	1,468	200	226	1,442
Local Government Assistance Corporation	3,849	285	495	3,639
Municipal Bond Bank Agency	442	—	23	419
Metropolitan Transportation Authority	2,170	—	53	2,117
Tobacco Settlement Financing Corporation	3,588	—	331	3,257
Triborough Bridge & Tunnel Authority	118	—	37	81
Thruway Authority	10,398	1,838	1,019	11,217
Urban Development Corporation	7,140	1,468	417	8,191
Total	\$ 38,564	\$ 6,204	\$ 4,103	\$ 40,665

Debt service expenditures (principal and interest) for the aforementioned obligations during the fiscal year were \$4.1 billion. These expenditures were financed primarily by the revenues reported in the governmental funds.

Certain of the underlying bond indentures require the maintenance of various reserves. Such amounts totaled \$895 million at March 31, 2010 and are reported as cash and investments in the General Debt Service Fund and appropriate Other Governmental Funds, with a corresponding reservation of fund balance.

The State, acting through its public authorities, issued \$1.2 billion in federally-subsidized Build America Bonds. The federal subsidy, providing 35 percent of interest on outstanding bonds, totaled \$4.6 million.

Following is a summary of the future minimum rental payments for lease/purchase and contractual obligation financing arrangements, including fixed rate interest at rates ranging from 0.4 percent to 7.5 percent and variable rate interest at rates ranging from 0.1 percent to 0.3 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2011	\$ 2,196	\$ 1,933	\$ 68	\$ 4,197
2012	2,512	1,778	68	4,358
2013	2,580	1,649	69	4,298
2014	2,401	1,538	68	4,007
2015	2,482	1,425	56	3,963
2016-2020	12,690	5,258	222	18,170
2021-2025	9,143	2,552	113	11,808
2026-2030	4,609	1,137	43	5,789
2031-2035	1,568	310	5	1,883
2036-2040	484	51	—	535
Total	\$ 40,665	\$ 17,631	\$ 712	\$ 59,008

Future debt service is calculated using rates in effect at March 31, 2010 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payment subject to swap agreements from the synthetic fixed rate amount intended to be achieved by the swap agreements.

The actual amounts of future interest to be paid are affected by changes in variable interest rates. The actual amounts of future net swap payments are also affected by changes in published indexes—the London Interbank Offered Rate (LIBOR) and the Securities

Industry and Financial Markets Association (SIFMA), which are floating rates.

The State is also committed under numerous capital leases, including computer network and telecommunications equipment, and real property capital leases. Debt service expenditures for these obligations during the year were \$5 million and will require future principal and interest payments totaling \$25 million and \$4 million, respectively. Following is a summary of the principal and interest payments, some of which are financed by transfers from the General

Fund to the General Debt Service Fund, for the remaining lease periods of these capital leases (amounts in millions):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4	\$ 1	\$ 5
2012	3	1	4
2013	3	1	4
2014	3	—	3
2015	2	—	2
2016-2020	8	1	9
2021-2025	2	—	2
Total	\$ 25	\$ 4	\$ 29

Refunding

During the fiscal year ended March 31, 2010, the State, acting through its public authorities, refunded \$1.9 billion in existing fixed and variable rate bonds related to lease/purchase and other financing arrangements by issuing refunding bonds in a par amount of \$1.9 billion at a \$168 million premium and releasing a net amount of \$10 million from reserves and debt service accounts.

The result will produce an estimated gain of \$90 million in future cash flow, with an estimated present value gain of \$59 million. The deferred accounting loss was \$217 million, of which \$205 million will be amortized into interest expense in future years. The impact of the refunding issues is presented in the following table (amounts in millions):

<u>Issue Description</u>	<u>Refunding Amount</u>	<u>Refunded Amount</u>	<u>Cash Flow Gain</u>	<u>Present Value Gain</u>
New York Local Government Assistance Corporation 2009 Fixed Rate Conversion of 2008B and 2003A*	\$ 285	\$ 297	\$ —	\$ —
NYS Dormitory Authority Consolidated Service Contract Revenue Bond Series 2009A & 2009B	248	269	40	29
NYS Dormitory Authority Mental Health Facilities Revenue Bond Series 2010A	253	265	26	20
NYS Dormitory Authority PIT General Purpose (Mental Health Facilities) Bond Series 2009B and 2009C*	214	209	24	10
NYS Dormitory Authority PIT General Purpose (Mental Health Facilities) Bond Series 2010A and 2010B*	320	333	—	—
NYS Thruway Authority Local Highway and Bridge Service Contract Bond Series 2009*	530	531	—	—
Total	\$ 1,850	\$ 1,904	\$ 90	\$ 59

*Current refundings undertaken to convert variable rate securities. Cash flow and present value gains, when calculated, were based on assumed rates.

In prior years, the State refunded certain of its obligations under lease/purchase and other financing arrangements. At March 31, 2010, approximately \$3 billion of such obligations were outstanding. The assets and liabilities related to these obligations are not reported in the accompanying basic financial statements.

Business-type Activities Debt

The State has issued bonds for educational facilities for SUNY and CUNY Senior Colleges through DASNY. Such debt totaling \$8 billion is funded by payments from the State's General Fund. The remainder of the debt of SUNY and CUNY (\$1.4 billion) is funded from student fees and other operating aid provided by the State.

The following represents year-end principal balances (June 30, 2009 for SUNY and CUNY and March 31, 2010 for Lottery) for lease/purchase and

other financing arrangements for business-type activities (amounts in millions):

	Beginning Outstanding	Issued	Redeemed	Ending Outstanding
Dormitory Authority:				
SUNY Educational Facilities	\$ 4,783	\$ 543	\$ 229	\$ 5,097
SUNY Dormitory Facilities	873	130	28	975
CUNY Dormitory Facilities	2,895	1,054	1,015	2,934
Unamortized discount/premium	(39)	(4)	(13)	(30)
Total Dormitory Authority	8,512	1,723	1,259	8,976
Lottery Capital Lease Commitments	7	—	3	4
SUNY Capital Lease Commitments	280	54	81	253
CUNY Capital Lease and Mortgage Loan Commitments	92	70	7	155
CUNY Line of Credit	2	—	—	2
CUNY Certificates of Participation	38	—	18	20
CUNY Oracle Financing Agreement	4	—	1	3
Total (See note 8)	\$ 8,935	\$ 1,847	\$ 1,369	\$ 9,413

The following represents a year-end summary at June 30, 2009 of future minimum debt service payments on the bonds issued by DASNY for SUNY,

including interest rates ranging from 2 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2010	\$ 221	\$ 347	\$ 568
2011	248	335	583
2012	307	283	590
2013	333	269	602
2014	344	251	595
2015-2019	1,448	1,016	2,464
2020-2024	1,097	701	1,798
2025-2029	996	420	1,416
2030-2034	733	190	923
2035-2039	345	36	381
Total	\$ 6,072	\$ 3,848	\$ 9,920

The following represents a year-end summary at June 30, 2009 of future minimum debt service payments on the bonds issued by DASNY for CUNY

Senior Colleges, including interest rates ranging from 3 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2010	\$ 185	\$ 142	\$ 13	\$ 340
2011	127	133	13	273
2012	181	125	13	319
2013	155	116	13	284
2014	150	108	13	271
2015-2019	750	424	48	1,222
2020-2024	585	260	26	871
2025-2029	461	141	14	616
2030-2034	249	58	1	308
2035-2039	91	9	—	100
Total	\$ 2,934	\$ 1,516	\$ 154	\$ 4,604

The following represents a year-end summary at June 30, 2009 for SUNY and CUNY and a year-end summary at March 31, 2010 for the Lottery of future minimum debt service payments on certificates of

participation, capital lease commitments and mortgage loans payable for business-type activities (amounts in millions):

Fiscal Year	Lottery		SUNY		CUNY		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ —	\$ —	\$ 62	\$ 9	\$ 25	\$ 3	\$ 87	\$ 12
2011	2	—	51	6	5	2	58	8
2012	2	—	45	5	3	2	50	7
2013	—	—	35	3	4	2	39	5
2014	—	—	13	2	17	1	30	3
2015-2019	—	—	32	5	62	3	94	8
2020-2024	—	—	12	1	8	3	20	4
2025-2029	—	—	2	—	10	3	12	3
2030-2034	—	—	1	—	12	2	13	2
2035-2039	—	—	—	—	15	1	15	1
2040-2044	—	—	—	—	14	—	14	—
Total	\$ 4	\$ —	\$ 253	\$ 31	\$ 175	\$ 22	\$ 432	\$ 53

The liabilities for lease/purchase debt, certificates of participation, mortgage loans and capital leases are reported as obligations under lease/purchase and other financing arrangements in the Enterprise Funds.

Debt service expenditures (principal and interest) for all of the aforementioned obligations during the year ended June 30, 2009 totaled \$1 billion.

During SUNY's fiscal year ended June 30, 2009, PIT bonds were issued for the purposes of financing capital construction and major rehabilitation for educational facilities (\$508.4 million), and refinancing existing educational facilities obligations (\$34.4 million). Also during the year, SUNY entered into agreements with DASNY to issue residential hall facility obligations totaling \$129.4 million for the purpose of financing capital construction and major rehabilitation for residential hall facilities.

In prior years, SUNY defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in SUNY's financial statements. As of March 31, 2009, \$1 billion and \$327.4 million of outstanding educational and residence hall facility obligations, respectively, were considered defeased.

During CUNY's fiscal year ended June 30, 2009, DASNY issued refunding bonds with a par value of \$889.9 million and original issue premium of \$16.1 million on behalf of CUNY Senior Colleges. Bond proceeds of \$897.4 million were used to defease \$894.4 million of existing debt. Under the terms of the resolutions for the defeased bonds, bond proceeds were paid directly to the bondholders of the defeased bonds. The economic gain related to the defeased bonds amounted to \$86.8 million. The excess of the bond proceeds used in defeasement over the amount of debt defeased of \$3 million, and remaining unamortized bond issue costs, underwriter discounts,

unamortized premium and discount, and other related costs from the existing bond issues of \$20.1 million, are deferred and amortized in a systematic and rational manner over the shorter of the remaining life of the old or new debt.

At June 30, 2009, \$466.8 million of CUNY's bonds outstanding were considered defeased for CUNY Senior Colleges.

Interest Rate Exchange Agreements (Swaps)

Article 5-D of the State Finance Law authorized the use of a limited amount of swaps equal to 20 percent of statutorily defined State-supported debt. Starting in November 2002, the State began to enter into swap agreements to "synthetically" change the interest cost associated with bonds it issued from either variable rate to fixed rate or from fixed rate to variable rate. The intention of each of the swaps was to lower the cost of borrowing to the State below what could have been achieved on bonds without the use of the associated swap agreements.

The statutory authorization for the use of swaps also requires that each of the swaps entered into meet the following requirements:

- Counterparties have a credit rating from at least one NRSRO that is within the two highest investment grade categories;
- A finding by an independent financial advisor certifying that the terms and conditions of all swaps reflect a fair value;
- Utilization of a standardized interest rate exchange agreement;
- Issuance of monthly reports by the public benefit corporations to provide monitoring and swap performance assessment; and
- Compliance with uniform interest rate exchange guidelines.

The State manages the swaps as a single portfolio, although they affect debts reported under both governmental activities and business-type activities.

As required by the swap contracts, each counterparty must have credit ratings from at least one NRSRO within the two highest investment grade categories and ratings from any other NRSRO within the three highest investment grade categories, or the counterparty's payment obligations must be unconditionally guaranteed by an entity with such credit ratings. The swap agreements and Article 5-D of the State Finance Law also require that should the credit rating of a counterparty fall below the rating required, that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, with a net market value of at least 102 percent of the net market value of the contract to the issuer and such collateral shall be deposited with the issuer or its agent.

The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes "additional termination events," providing that the swaps may be terminated if either the State or a counterparty's credit quality rating falls below certain levels. The State or the counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. The State may also terminate the swaps at its option. If a swap agreement is terminated, the synthetically created fixed or variable

interest rate will cease to exist and the State's only interest payment will be based upon the rate required by the bonds as issued. When a termination occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the State is owed money or must pay money to close out a swap position. A negative fair market value means the State would incur a loss and need to make a termination payment to settle the swap position. A positive fair market value means the State would realize a gain and receive a termination payment to settle the swap position. The terms of the synthetic fixed rate swaps are coterminous with the underlying bonds.

Swap Variable Rate to Fixed Rate (Synthetic Fixed Rate)

The State had approximately \$2.6 billion of swaps (\$2.2 billion of which related to governmental activities and \$416 million related to business-type activities) outstanding that were issued to synthetically create fixed rate debt from variable rate debt. The \$2.6 billion portfolio includes 39 separate pay-fixed, receive-variable interest rate swap agreements with seven counterparties.

The table below summarizes the terms and fair values at March 31, 2010 for governmental activities and at June 30, 2009 for business-type activities. The weighted average intended fixed rate of the \$2.2 billion and \$416 million in variable-to-fixed rate swaps was approximately 3.35 percent and 3.36 percent, respectively, excluding support costs on the underlying variable rate bonds, as displayed in the following table (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	\$ 223	4/10/2003-7/15/2003	3.26%	2/15/2031-7/1/2031	\$ (12)
NYS Urban Development Corporation . . .	644	11/26/2002-12/22/2004	3.55%	1/1/2030-3/15/2033	(66)
NYS Housing Finance Agency	450	2/13/2003-3/10/2005	3.43%	9/15/2021-3/15/2033	(35)
NY Local Government Assistance Corporation	914	2/20/2003-2/26/2004	3.20%	4/1/2021-4/1/2024	(76)
Subtotal	2,231				(189)
Business-type Activities (as of June 30, 2009):					
NYS Dormitory Authority—CUNY	416	4/10/2003	3.36%	1/1/2025-7/1/2031	(42)
Total	\$ 2,647				\$ (231)

The bonds and the related synthetic fixed rate swap agreements have final maturities occurring through March 15, 2033, and the swaps' total notional amount of \$2.6 billion matches the \$2.6 billion variable-rate bonds. Under the swap agreements, the State pays the counterparties a fixed payment at rates ranging from 3.04

percent to 3.66 percent and receives a variable payment computed as 65 percent of the one month LIBOR rate. The bonds' variable-rate coupons are based upon rates determined by remarketing agents for bonds in the weekly interest rate mode and by auction rate agents for bonds in the auction rate mode.

Swap agreements expose the State to basis risk, which is the possibility that the underlying variable rate payments received by the State (65 percent of LIBOR) in the swap are less than the variable rate payments made by the State on the underlying bonds issued. Should the relationship between LIBOR and the actual variable rate payments converge, the expected cost savings may not materialize.

Based on market conditions, the synthetic fixed rate swap portfolios reported under governmental activities at March 31, 2010 and business-type activities at June 30, 2009 have estimated fair market values of a negative \$189 million and negative \$42 million, respectively, indicating the size of the payments the State would need to make under governmental activities and business-type activities if these existing swaps were terminated at those respective dates. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted back using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The fair market value, which fluctuates based on market conditions, is monitored closely by the Division of the Budget (DOB) and the public benefit corporations that issue swaps on behalf of the State. DOB reviews the actual mark-to-market (or fair market value) of outstanding swaps on a monthly basis. Exposure to counterparties is well-diversified among seven counterparties, who have total notional amounts ranging from \$124 million to \$666 million. All the counterparties, with the exception of two, had a

credit rating from at least one NRSRO that is within the two highest investment grade categories as of March 31, 2010. Of the counterparties whose rating fell below the required rating, none were required to post collateral for 102 percent of the mark-to-market value of any swaps because the values were negative to the State.

For those swaps with positive fair value, the swaps' fair values represent the State's credit exposure to the counterparties. Certain DASNY swap agreements contain set-off provisions. Under the terms of the agreements, should an agreement terminate, close-out set-off provisions permit all outstanding transactions with the related counterparty to terminate and net the transaction's fair values so that a single sum will be owed by, or owed to, the State.

Swap Fixed Rate to Variable Rate (Synthetic Variable Rate)

The State also had additional swaps outstanding of \$376 million related to governmental activities and \$177 million related to business-type activities that were issued to synthetically create variable rate debt. The portfolio includes 13 separate pay-variable, receive-fixed interest rate swap agreements (which includes seven forward start agreements) with four counterparties. Synthetic variable rate debt is being utilized because it can provide variable rate debt at a lower cost than traditional (or natural) variable rate debt, since it does not require additional support costs (liquidity agreements, insurance, brokerage dealer fees, and remarketing fees).

The table below summarizes the terms and fair values of the State's swaps that synthetically create variable interest rates reported under governmental activities at March 31, 2010 and business-type activities at June 30, 2009, respectively (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	\$ 69	7/1/2016- 3/15/2017	N/A	7/1/2023- 3/15/2030	\$ —
NYS Urban Development Corporation . . .	228	12/22/2004- 3/15/2014	2.86%	2/15/2014- 3/15/2025	11
NYS Housing Finance Agency	79	4/19/2005	4.56%	3/15/2013- 3/15/2015	5
Subtotal	376				16
Business-type Activities (as of June 30, 2009):					
NYS Dormitory Authority—CUNY	177	7/1/2016- 3/15/2017	N/A	7/1/2024- 3/15/2030	1
Total	\$ 553				\$ 17

Approximately \$471 million of the \$553 million in synthetic variable rate swaps reported in the table above are forward starting, with beginning effective dates that range from March 15, 2014 to March 15, 2017. Because a significant portion of the synthetic variable rate swaps are forward starting with no rate in

effect at March 31, 2010, an average swap rate in effect at March 31, 2010 is not presented for synthetic variable rate swaps. The balance, \$82 million, creates synthetic variable rate exposure immediately with a weighted average swap rate paid of 4.49 percent.

Under the synthetic variable rate swap agreements, the State issues fixed rate bonds (and pays a fixed rate of interest over the life of the bonds), but converts the debt to a variable rate mode via a variable rate payment to the counterparty. On the effective date of the synthetic variable rate swap, the State begins to receive a fixed rate payment that exceeds the fixed rate on the underlying bonds, and pays a variable rate of interest. The variable rate of interest is based on the Municipal Swap Index published by SIFMA for all but the NYS Housing Finance Agency variable interest rate which is based on the weekly weighted average of the one-month LIBOR. Because the synthetic variable rate swaps require the State to pay a variable rate of interest to the counterparties based upon the SIFMA Municipal Swap Index or LIBOR, the State is exposed to interest rate risk during the swaps' effective term. As the SIFMA Municipal Swap Index or LIBOR increases, the net payments the State would have to make on the swaps will increase. Since the swaps are effective for the full term intended, the State is not exposed to any rollover risk.

Based on market conditions, the synthetic variable rate swap portfolios reported under governmental activities at March 31, 2010 and business-type activities at June 30, 2009 have estimated fair market values of positive \$16 million and positive \$1 million, respectively, indicating the size of the payments the State would receive under governmental activities and business-type activities if these existing swaps were terminated at the respective dates. The fair values were estimated using the zero-coupon method. Should the counterparties fail to perform according to the terms of the swap contracts, the maximum possible loss equivalent to the related swaps' net positive fair value, assuming set-off, is \$17 million. The fixed rate to variable rate swaps with DASNY are also subject to the same set-off provisions described above for the variable-to-fixed rate swaps. Counterparty exposure is diversified among four counterparties, with total notional amounts ranging from \$100 million to \$209 million. Each counterparty, with the exception of one, had a credit rating from at least one NRSRO that is within the two highest investment grade categories as of March 31, 2010. The counterparty whose credit rating fell below the two highest investment grades was required to post collateral for 102 percent of the mark-to-market value of those swaps whose values were positive to the State. As of March 31, 2010, all required collateral had been posted.

Operating Leases

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year ended March 31, 2010 under such operating leases totaled \$207 million and were financed primarily from the General Fund. The following is a summary of future minimum rental commitments under real property and equipment leases with terms exceeding one year (amounts in millions):

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2011	\$ 173
2012	163
2013	143
2014	109
2015	98
2016-2020	260
2021-2025	62
2026-2030	30
2031-2035	8
2036-2040	8
2041-2045	9
2046-2050	10
2051-2055	11
2056-2060	6
Total	\$ 1,090

Business-type activities reported the following future minimum rental commitments under real property and equipment leases with terms exceeding one year at year-end (June 30, 2009 for SUNY and CUNY and March 31, 2010 for Lottery) (amounts in millions):

<u>Fiscal Year</u>	<u>Business-type Activities</u>
2010	\$ 62
2011	57
2012	50
2013	43
2014	36
2015-2019	78
2020-2024	7
2025-2029	1
Total	\$ 334

Note 8 Liabilities

Changes in Long-Term Liabilities

The following table summarizes changes in long-term liabilities for both governmental activities and business-type activities (amounts in millions):

CHANGES IN LONG-TERM LIABILITIES—GOVERNMENTAL ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax refunds payable	\$ 759	\$ 64	\$ —	\$ 823	\$ —
Accrued liabilities:					
Payroll and fringe benefits	\$ 183	\$ 1	\$ —	\$ 184	—
Compensated absences	876	837	946	767	37
Medicaid	870	184	120	934	109
Health insurance	192	—	—	192	—
Litigation	214	151	59	306	129
Workers' compensation reserve	2,170	548	289	2,429	318
Arbitrage rebate	49	7	3	53	5
Due to Federal government	301	—	35	266	—
Due to component unit	215	103	—	318	—
Miscellaneous	66	18	67	17	1
Total	\$ 5,136	\$ 1,849	\$ 1,519	\$ 5,466	599
Payable to local governments:					
Education aid—prior year adjustment	\$ 62	\$ 9	\$ —	\$ 71	—
Handicapped pupil aid	181	109	—	290	—
Emergency management	75	—	63	12	—
Miscellaneous	7	3	8	2	—
Total	\$ 325	\$ 121	\$ 71	\$ 375	—
Pension contributions payable	\$ 423	\$ —	\$ 91	\$ 332	—
Other postemployment benefits	\$ 4,388	\$ 2,681	\$ 1,001	\$ 6,068	—
Pollution remediation	\$ 636	\$ 135	\$ 197	\$ 574	106
General obligation bonds payable:					
General obligation bonds payable	\$ 3,323	\$ 798	\$ 721	\$ 3,400	365
Plus or minus deferred amounts:					
For unamortized premiums/discounts	44	20	3	61	3
Net Amount	3,367	818	724	3,461	368
Deferred loss on refunding	(46)	—	(3)	(43)	—
Total	\$ 3,321	\$ 818	\$ 721	\$ 3,418	368
Other financing arrangements:					
Capital leases	\$ 26	\$ 3	\$ 4	\$ 25	4
Other financing arrangements	38,564	6,204	4,103	40,665	2,196
Plus deferred amounts:					
For unamortized premiums/discounts	1,426	359	178	1,607	118
For accreted discount on bonds	175	13	75	113	—
Net Amount	40,191	6,579	4,360	42,410	2,318
Deferred loss on refunding	(744)	(217)	(164)	(797)	—
Total	\$ 39,447	\$ 6,362	\$ 4,196	\$ 41,613	2,318
Total due within one year					\$ 3,391

CHANGES IN LONG-TERM LIABILITIES—BUSINESS-TYPE ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	\$ 302	\$ 180	\$ 155	\$ 327	\$ 226
Litigation	109	140	45	204	39
Interfund loan	110	1	25	86	17
Miscellaneous	341	33	9	365	4
Total	\$ 862	\$ 354	\$ 234	\$ 982	286
Other postemployment benefits:					
SUNY (June 30, 2009)	\$ 1,319	\$ 653	\$ 274	\$ 1,698	—
CUNY (June 30, 2009)	168	102	36	234	—
Total	\$ 1,487	\$ 755	\$ 310	\$ 1,932	—
Lottery prizes payable	\$ 1,421	\$ 213	\$ 186	\$ 1,448	183
Other financing arrangements:					
Lottery	\$ 7	\$ —	\$ 3	\$ 4	2
SUNY (June 30, 2009)	5,936	727	338	6,325	283
CUNY (June 30, 2009)	3,031	1,124	1,041	3,114	201
Minus deferred amounts for unamortized discounts (June 30, 2009)	(39)	(4)	(13)	(30)	—
Total	\$ 8,935	\$ 1,847	\$ 1,369	\$ 9,413	486
Total due within one year					\$ 955

Litigation and workers' compensation liabilities will be liquidated by the General Fund. Medicaid accrued liabilities and payable to local governments will be liquidated by the General and the Federal Special Revenue Fund. Payroll and related fringe benefits, compensated absences, health insurance, pension contributions and miscellaneous accrued liabilities will

be liquidated by the General Fund, Federal Special Revenue Fund and Other Governmental Funds.

Accrued Liabilities—Governmental Activities

The following table summarizes accrued liabilities at March 31, 2010 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	\$ 458	\$ 24	\$ —	\$ 37	\$ 519
Fringe benefits	182	10	—	15	207
Medicaid	1,873	3,449	—	—	5,322
Health programs	12	—	—	—	12
Miscellaneous	33	6	6	150	195
Total governmental funds	\$ 2,558	\$ 3,489	\$ 6	\$ 202	6,255
Payable to fiduciary funds					814
Total					\$ 7,069

Payable to Local Governments—Governmental Funds

The following table summarizes amounts payable to local governments at March 31, 2010 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total
Education programs	\$ 2,947	\$ 36	\$ —	\$ 25	\$ 3,008
Temporary and disability assistance	490	1,252	—	—	1,742
Local health programs	429	407	—	42	878
Mental hygiene programs	44	17	—	1	62
Criminal justice programs	63	26	—	1	90
Children and family services programs	147	48	—	1	196
Local share of tax revenues	151	—	50	—	201
Miscellaneous	8	168	—	474	650
Total	\$ 4,279	\$ 1,954	\$ 50	\$ 544	\$ 6,827

Accrued Liabilities—Business-type Activities

The following table summarizes accrued liabilities at March 31, 2010 for Enterprise Funds (June 30, 2009 for SUNY and CUNY) (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	\$ —	\$ —	\$ 195	\$ 50	\$ 245
Fringe benefits	—	—	64	46	110
Compensated absences	2	—	228	97	327
Litigation	—	—	204	—	204
Interfund loan	—	—	86	—	86
Employer overpayments	—	27	—	—	27
Benefits due claimants	—	22	—	—	22
Unclaimed and future prizes	282	—	—	—	282
Miscellaneous	—	41	499	334	874
Total	\$ 284	\$ 90	\$ 1,276	\$ 527	\$ 2,177

Note 9 Interfund Transactions and Other Transfers**Interfund Transfers**

Interfund transfers for the year ended March 31, 2009 consisted of the following (amounts in millions):

Transfers From Other Funds	Transfers To Other Funds								
	General	General Debt Service	Other Governmental	Elimination	Total Governmental Funds	SUNY	CUNY	Fiduciary	Total
General	\$ —	\$ 1,953	\$ 893	\$ —	\$ 2,846	\$ 2,498	\$ 1,055	\$ 220	\$ 6,619
Federal Special Revenue	462	—	3,886	—	4,348	361	—	—	4,709
General Debt Service	7,729	—	—	—	7,729	818	—	—	8,547
Other Governmental	6,506	1,224	96	—	7,826	69	—	—	7,895
Elimination	—	—	—	(22,612)	(22,612)	—	—	—	(22,612)
Total Governmental Funds	14,697	3,177	4,875	(22,612)	137	3,746	1,055	220	5,158
SUNY	114	37	1	—	152	—	—	—	152
Lottery	—	—	2,666	—	2,666	—	—	—	2,666
Fiduciary	4	—	—	—	4	1	—	—	5
Non-current	—	—	—	—	—	174	—	—	174
Total	\$ 14,815	\$ 3,214	\$ 7,542	\$ (22,612)	\$ 2,959	\$ 3,921	\$ 1,055	\$ 220	\$ 8,155

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Significant transfers include transfers to the General Fund from other funds representing excess revenues not needed in those funds. Transfers to the General Fund from the General Debt Service Fund for excess funds not needed for debt service on revenue bonds backed by personal income tax revenues totaled \$7.7 billion. Transfers to the General Fund from Other Governmental Funds include: mental health patient fees in excess of debt service and rental reserve requirements of \$3.5 billion, excess sales tax receipts not needed for LGAC debt service requirements of \$2 billion, and excess real property transfer tax receipts from clean water and clean air programs of \$182 million. The transfers from the General Fund to Fiduciary Funds (\$220 million) represent unclaimed funds needed to pay claims. Transfers from the General Fund to Other Governmental Funds are made for State capital projects (\$206 million), for State debt service payments (\$1.8 billion), and to the Enterprise Funds as State support to the SUNY and CUNY Funds (\$3.6 billion). Transfers from the Federal Special Revenue Fund and Other Governmental Funds are comprised of the Federal share of Medicaid payments for a variety of purposes, including transfers to the Mental Health Services Fund for recipients residing in State-operated mental health and retardation facilities (\$3.5 billion). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments (\$2.7 billion). The eliminations of

\$22.6 billion represent transfers made between the Governmental Funds.

Transfers from the Governmental Funds to the SUNY and CUNY Funds are reported as transfers to other funds by the Governmental Funds and as State appropriations by the SUNY and CUNY Funds. As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2009. Therefore, because of the different fiscal year-end for the SUNY and CUNY Funds, total transfers to other funds exceed total transfers from other funds by \$346 million. The following is a reconciliation of transfers resulting from different year-ends (amounts in millions):

Net Governmental Funds	\$	(2,199)
Net Fiduciary Funds		215
Non-current		(174)
Total Governmental activities transfers ...		(2,158)
Business-type activities transfers:		
State		4,090
Education aid		(2,666)
Capital		388
Total Business-type activities transfers ...		1,812
Total transfers	\$	(346)

Due To/From Other Funds

The following is a summary of the amounts due to other funds and due from other funds at March 31, 2010 (amounts in millions):

Due From Other Funds	Due To Other Funds							
	General	Federal Special Revenue	General Debt Service	Other Governmental	Elimination	Total Governmental Funds	Business-type Activities	Total
General	\$ —	\$ 148	\$ 98	\$ 385	\$ —	\$ 631	\$ 458	\$ 1,089
Federal Special Revenue	15	—	—	1	—	16	—	16
Other Governmental	230	378	—	—	—	608	228	836
Elimination	—	—	—	—	(662)	(662)	—	(662)
Total Governmental Funds	245	526	98	386	(662)	593	686	1,279
Business-type Activities	505	37	—	512	—	1,054	—	1,054
Fiduciary	814	—	—	—	—	814	—	814
Non-current	—	—	—	—	—	—	174	174
Total	\$ 1,564	\$ 563	\$ 98	\$ 898	\$ (662)	\$ 2,461	\$ 860	\$ 3,321

The more significant balances due to/from other funds include \$439.7 million due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include \$24.5 million to the Federal Special Revenue Fund and \$415.2 million to Other Governmental Funds. Due to other funds in the General Debt Service Fund include \$98 million for amounts owed to the General Fund for excess personal income revenues.

As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2009. Therefore, because of the different fiscal year-end of the SUNY and CUNY Funds, the total amount reported as due from other funds exceeds the total amount reported as due to other funds by \$24 million.

Note 10 Commitments and Contingencies

The State receives significant financial assistance from the Federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. The State reported additional Federal funding of \$11.7 billion from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2010 for Medicaid, unemployment benefits, education and other programs. Substantially all Federal grants are subject to either the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the Federal government or their designees. Disallowances by Federal program officials as a result of these audits may become liabilities of the State.

DASNY has \$637 million outstanding of Secured Hospital Revenue Bonds for financing mortgage loans to various hospitals in New York City. The hospitals are committed to pay the debt service, and reserves have been established to cover deficiencies incurred by the hospitals. However, if both of these funding sources are inadequate, the State may be called upon to pay the debt service. Any such payments would require authorization by the State Legislature.

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the Job Development Authority (JDA) to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. However, in 1996, the State entered into an agreement with JDA and the New York State Urban Development Corporation (UDC) whereby UDC would provide funding needed by JDA to meet its debt service obligations through March 31, 2010. JDA required no financial assistance to meet debt service obligations during the State fiscal year ended March 31, 2010. As of March 31, 2010, JDA had \$28 million of State-guaranteed bonds and notes outstanding (with an additional \$24 million authorized but not issued).

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back the corporations' credit). Such

"moral obligation" does not constitute full faith and credit obligations of the State. As of March 31, 2010, approximately \$31 million in moral obligation bonds were outstanding. During the year, the State was not called on to make any payments.

Health care providers have a right to appeal Medicaid reimbursement rates. Based on an analysis of appeals, a liability of \$778 million has been recognized in the Statement of Net Assets.

In 1977-78, the State required that reserve funds held by insurance companies that underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of \$192 million, which is reported as accrued liabilities due in more than one year on the Statement of Net Assets.

Generally, the State does not insure its buildings, contents or related risks and does not insure its State-owned automobiles for bodily injury and property damages, but the State does have fidelity insurance on State employees. A liability is estimated for unpaid automobile claims based on an analysis of property loss and claim settlement trends. Routine uninsured losses are recorded as expenditures in the General Fund as paid, while significant uninsured losses usually are the result of litigation that is discussed further in Note 11. Insured losses incurred by the State did not exceed coverage for any of the three preceding fiscal years. Litigation losses are estimated based on an assessment of pending cases conducted by the Office of the Attorney General.

Workers' compensation is provided with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund, the State pays only what is necessary to fund claims. Based on actuarial calculations, discounted at 3.03 percent as of March 31, 2010, the State is liable for unfunded claims and incurred but not reported claims totaling \$2.4 billion which is reported in accrued liabilities in the governmental activities.

Changes in the State's liability relating to workers' compensation claims, litigation (see Note 11) and auto claims in fiscal years 2009 and 2010 were (amounts in millions):

Fiscal Year	Claim Liability Beginning of Year	Increase In Liability Estimate	Payments and Decrease In Liability Estimate	Claim Liability End of Year
2008-2009	\$ 1,985	\$ 766	\$ 246	\$ 2,505
2009-2010	\$ 2,505	\$ 811	\$ 406	\$ 2,910

The State Finance Law requires the Abandoned Property Fund (Fund), a Private Purpose Trust Fund, to have a maximum cash balance of \$750 thousand at fiscal year-end. All Abandoned Property receipts are recorded in the General Fund and are transferred to the Abandoned Property Fund for payment upon approval of a claim. At March 31, 2010, the Abandoned Property Fund included \$399 million of securities not yet liquidated and not subject to the State Finance Law's cash provisions. Net collections from inception (1942) to March 31, 2010 of approximately \$10.6 billion, excluding interest, represent a contingent liability to the State since the owners of such property may file claims for refunds.

A liability representing the probable amount of escheat property that will be reclaimed and paid to claimants is reported in the Fund. To the extent that assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At March 31, 2010, the amount reported in the Fund for claimant liability is \$1.3 billion and the amount reported in the General Fund as due to the Fund is \$814 million. Since receipts in the Fund are expected to be adequate to pay current claims, it is not expected that General Fund support for that purpose will be required. Claims paid from the Fund during the year totaled \$220 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling \$16 million which is recorded in accrued liabilities. Closure and post-closure requirements are generally governed by Title 6, Part 360 of the New York Code of Rules and Regulations. Since most landfills are inactive, the liability reflects the total estimated closure and post-closure cost at year-end. Liability estimates are based on engineering studies or on estimates by agency officials that are updated annually.

GASB Statement 49 (GASBS 49), *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the State is compelled to take action;
- The State is in violation of a pollution related permit or license;
- The State is named or has evidence that it will be named as responsible party by a regulator;
- The State is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The State commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the State. Several State agencies have dedicated programs, rules and regulations that routinely deal with remediation related issues; others become aware of pollution conditions in the fulfillment of their missions. The State has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability; however, the State has not identified any of these situations.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During the fiscal year, the State recognized estimated additional liabilities of \$135 million, spent \$131 million in pollution remediation obligation related activities, recognized adjustments decreasing the liability by \$66 million, and recovered \$35 million from other responsible parties. At March 31, 2010, the State had an outstanding pollution remediation liability of \$574 million, with an estimated potential recovery of \$89 million from other responsible parties.

The State and the New York State Energy Research and Development Authority (NYSERDA) have been engaged in litigation and mediation with the Federal government regarding the liabilities and responsibilities for the environmental issues associated with the West Valley site. While some issues continue to be discussed, there has been evidence of progress. In January 2010, the final Environmental Impact Statement for the West Valley site was released and offered alternatives for future courses of action. On April 12, 2010, the NYSERDA Board adopted the Phased Decision making path for continuing the cleanup at West Valley. Phase 1 activities include additional scientific studies to reduce uncertainties in the Phase 2 decisions. Phase 2 decisions, which will be made within 10 years of the Phase 1 decisions, will address the cleanup of remaining facilities. Implementation of this alternative will influence the GASBS 49 obligation reported by the State.

Legislation enacted in 2003 authorized the State to securitize all of its tobacco settlement payments to the Tobacco Settlement Financing Corporation through an asset-backed securitization transaction. To lower costs, the legislation authorized the State to enter into contingency contracts obligating the State to pay debt

service, subject to annual appropriations, on the TSFC bonds in the event that tobacco receipts and bond reserves are insufficient. To ensure that State contractual payments will not be required and that tobacco receipts and bond reserves are sufficient to pay debt service, the TSFC bonds were structured to meet or exceed all rating agency tobacco bonds stress tests. The bonds carry a final nominal maturity of 20 years and an expected final maturity of 13 years, based on optional redemptions. The expected final maturity may deviate due to the optional nature of the redemptions and adjustments to tobacco settlement payments due from participating manufacturers. A lawsuit was filed in 2006 by the Attorney General of New York to recover the settlement payments that were

withheld from the State. Litigation continues to recover the funds withheld. In addition, participating manufacturers brought a nationwide arbitration against the settling states, including New York, asserting that those states failed to diligently enforce their respective escrow statutes in 2003 as required to maintain the base settlement payments per the Master Settlement Agreement. This was settled in 2003. The same claim for the 2004-2006 years is currently under arbitration.

Several unions have not reached labor settlement agreements with the State at this time. Settlements would result in added costs to the State. The Enacted Budget assumes spending related to these settlements, but the actual settlements could exceed the amounts in the budget.

Note 11 Litigation

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs, primarily involving the State's Medicaid and mental health programs. Adverse judgments in these

matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future.

With respect to pending and threatened litigation, the State has reported, in the governmental activities, liabilities of \$480 million, of which \$174 million pertains to SUNY, for awarded and anticipated unfavorable judgments. In addition, the State is party to other claims and litigation that its legal counsel has advised may result in possible adverse court decisions with estimated potential losses of approximately \$331 million.

Note 12 State and Local Retirement System

There are three systems within the State and Local Retirement System (System) for employees of the State and its localities (except employees of New York City and teachers, essentially all of whom are covered by separate pension plans). The System, known and reported collectively as the New York State and Local Retirement System, comprises the State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (GLIP). GLIP provides death benefits in the form of life insurance. All net assets of the System are held in the Common Retirement Fund, which was established to hold all net assets and changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

The State Comptroller is sole trustee and administrative head of the System. The System is a cost sharing multiple-employer defined benefit pension plan. On March 31, 2010, there were 3,035 participating government employers. Employees of the State constituted

about 34 percent and 17 percent of the members for the ERS and PFRS, respectively, during the 2009-2010 fiscal year.

The System provides retirement benefits as well as death and disability benefits. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need ten years of service credit to be 100 percent vested. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. Contributory and noncontributory requirements also depend upon the point in time at which an employee last joined the System. Most members of ERS who joined the System on or before July 26, 1976 are enrolled in a noncontributory plan. Most members of PFRS are not required to make employee contributions. Employees who last joined ERS subsequent to July 26, 1976 are enrolled in a contributory plan which requires a 3 percent contribution of their salary. As a result of

Article 19 of the RSSL, eligible Tier 3 and Tier 4 employees with a membership date after July 26, 1976 who have ten or more years of membership or credited service within the System are not required to contribute. Less than 1 percent of other members are contributory. Members cannot be required to begin contributing or make increased contributions beyond what was required when their memberships began. Generally, members of the System may retire at age 55; however, members of Tiers 2, 3 and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. An employee with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions.

The System's financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employer contributions are recognized when billed. Investments are reported at fair value. Stocks traded on a national or international exchange are valued at quoted market value at current exchange rates. Bonds are primarily reported at market values obtained from independent pricing services. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals made every three years or according to the fund agreement. Investments that do not have an established market are reported at estimated fair value. The System trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates. The System is exposed to various investment risks as follows:

Investment Custodial Credit Risk—Equity and fixed income investments owned directly by the System which trade in the United States (U.S.) markets are held at the System's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Common Retirement Fund. These securities are typically held in electronic form by the Depository Trust Company (DTC) and its subsidiaries, acting as an agent of the System's custodian bank. Securities held directly by the System which trade in markets outside the U.S. are held by a subsidiary of the System's custodian bank in the local market, a bank performing custodial services in the local market acting as an agent for the System's custodian bank,

or, in some foreign markets, the securities are held in electronic format by a DTC subsidiary or an organization similar to DTC. Directly held investments include: short-term and long-term fixed income, and domestic and international equity separately managed accounts. The aforementioned investments have the lowest custodial risk. Equity investments held indirectly by the System via limited partnerships, commingled investment funds, joint ventures and other similar vehicles are held in custody by an organization contracted with by the general partner and/or the investment management firm responsible for the management of each investment organization. Title to real property invested in by the System is either held by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the System's holding of original mortgage and note documents by the Office of the State Comptroller (OSC), Division of Pension Investment and Cash Management.

Credit Risk—New York State statutes and the System's investment policies require that corporate fixed income obligations must be investment grade at the time of their acquisition.

Approximately 17.1 percent of the System's \$34 billion long-term bond portfolio is guaranteed by the Federal government and has no credit risk. The remainder of the portfolio is exposed to credit risk as follows; 78.2 percent is rated A or higher by Moody's and 5 percent is rated B, Ba or Baa by Moody's.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the System's fixed income securities. The price volatility of the System's fixed income holdings are measured by duration. The System attempts to mitigate price volatility by matching the duration of the assets with the duration of the retired lives liabilities so that any change in the market value of the assets resulting from a change in interest rates will result in a similar change in the value of the liabilities. The average duration of the System's fixed income portfolio is 8.2 years.

Concentration of Credit Risk—Issuer limits for investments held by the System are established for each investment area by RSSL, Article 2, Section 13 and Article 4A, Sections 176, 177, and 313, and policy guidelines adopted by the Comptroller.

Restrictions are placed on short-term fixed income investments such that any one issuer of commercial paper must have the highest rating by two NRSROs and a maximum of \$500 million of the short-term portfolio can be invested in any one issuer. In addition, simultaneous purchase

and sales of U.S. Treasury obligations may be executed with primary government dealers; however, a maximum of \$200 million may be invested with any one primary dealer.

Restrictions are placed on fixed income investments with maturities longer than one year such that obligations payable in U.S. dollars of any one department, agency or political subdivision of the U.S. Government or issued by any corporation, company or other issuer of any kind or description created or existing under the laws of the United States, any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and obligations of Canada or any province or city of Canada, provided each obligation is rated investment grade by two NRSROs and does not exceed 2 percent of the assets of the System or 5 percent of the direct liabilities of the issuer. In addition, the aggregate amount invested in interest-bearing obligations payable in U.S. dollars which at the time of investment are rated one of the four highest grades by each NRSRO may not exceed 1 percent of the assets of the System, and bonds issued or guaranteed by the State of Israel payable in U.S. dollars may not exceed 5 percent of the assets of the System.

Securities Lending—Section 177-D of the RSSL authorizes the System to enter into security loan agreements with broker/dealers and New York State or national banks. The System has designated its master custodian bank (Custodian) to manage a securities lending program. This program is subject to a written contract between the System and the Custodian who acts as security lending agent for the System. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the System. Types of collateral received from borrowers for securities loaned are cash, government securities and Federal agency obligations. The Custodian is authorized to invest the cash collateral in short-term investments that are legal for the System. These include domestic corporate and bank notes, U.S. Treasury obligations, obligations of Federal agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower except in the event of default. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2010 or in the history of the program.

The System lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for

domestic securities and 105 percent for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by the maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the System's reinvestment guidelines. The Custodian acknowledges responsibility to reimburse the System for any losses which might arise from managing the program in a manner inconsistent with the contract. The System manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the System in excess of the value of the securities loaned.

As of March 31, 2010, the fair value of securities on loan was \$9.8 billion. The associated collateral was \$10 billion, of which \$9.3 billion was cash collateral and \$690 million was securities held as collateral. The fair value of the invested cash collateral, as of March 31, 2010, was \$9.2 billion and the securities lending obligations were \$9.3 billion. The unrealized loss in invested cash collateral on March 31, 2010 was \$184.4 million, which is reflected in the Statement of Changes in Fiduciary Net Assets, "Net increase in the fair value of investments."

All open security loans can be terminated on demand by either the System or the borrower. To provide sufficient liquidity, the policy of the System is to maintain a minimum of 10 percent of collateral in overnight investments. While the Securities Lending Investment Guidelines allow investments up to a maximum of three years for U.S. Treasury and Federal agency obligations and one full year for all other investments, the average term of open security loans at March 31, 2010 was 25 days. All loans were open loans. There were no direct matching loans. The collateral pool is valued at market value obtained from independent pricing services.

Foreign Currency Risk—The System's investment policies permit it to invest up to 16 percent of its assets in publicly traded international equity investments. The System's current position in such equity securities, invested in directly and through commingled funds, is approximately \$20.2 billion. The System also has foreign investments held in U.S. dollars of \$2.9 billion, a net forward foreign currency contracts position of \$2.7 million, \$5.7 billion in private equities and ARS funds, and \$1.7 billion in real property owned, made, or located outside the United States. The approximate total market value of investments made outside of the United States is \$30.5 billion.

FUNDING STATUS AND FUNDING PROGRESS

Participating employers are required under the RSSL to contribute annually to the System. Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2010, the applicable interest rate was 8 percent.

The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the RSSL. The aggregate actuarial funding method is used by the System. Generally, participating employers that have adopted the same benefit plans contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, GLIP, and supplemental benefits. GLIP is a one-year term insurance plan. Consequently, the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 10-year

amortization part of their fiscal year ended 2005, 2006 and 2007 bill and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The average employer contribution rate, excluding the 10-year amortization, for ERS and PFRS for the fiscal year ended March 31, 2010 was approximately 7.4 percent and 15.1 percent of payroll, respectively.

Funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the RSSL. The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASB Statement 50, *Pension Disclosures*, following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System as of the most recent actuarial valuation date. This 2010 actuarial valuation performed on April 1, 2009, determined employer contributions for the year ending March 31, 2011.

The funded status of the System as of April 1, 2009, the most recent valuation date, is as follows (in millions):

System	Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	UAAL* (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL* as a Percentage of Covered Payroll ((b-a)/c)
ERS	4/1/2009	\$ 126,438	\$ 125,136	\$ (1,302)	101.0%	\$ 24,099	(5.4)%
PFRS	4/1/2009	\$ 22,423	\$ 21,597	\$ (826)	103.8%	\$ 2,970	(27.8)%

*Unfunded Actuarial Accrued Liability (UAAL)

Significant actuarial assumptions used in the April 1, 2008 and April 1, 2009 valuations to determine employer contributions for the years ended March 31, 2010 and March 31, 2011 were: interest rate of 8 percent, salary scale for ERS of 5.4 percent and for PFRS of 6.7 percent, decrement tables April 1, 2000 to March 31, 2005 System's experience, and inflation rate of 3 percent.

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. Normally, all other investments use a five-year moving average of market values method assuming a 7 percent rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. It treats realized or unrealized gains (or losses) in the same manner. For fiscal year 2010, the April 1, 2008 valuation reflects a market restart in 2004 and the fourth year of the phase-in to a full five-year smoothing method. The April 1, 2009 valuation reflects the fifth year of the phase-in.

CONTRIBUTIONS

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include \$46 million for new plan adoptions and retroactive membership. Receivable amounts from the State for other amortizations total \$26.2 million.

RSSL Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2005 that exceeded 7 percent of payroll. The amortized amount receivable from New York State as of March 31, 2010 is \$280.1 million and from participating employers is \$60.5 million.

RSSL Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2006 that exceeded 9.5 percent of payroll. The amortized amount receivable as of March 31, 2010 from the State is \$102.6 million and from participating employers is \$20.6 million.

RSSL Chapter 260 of the Laws of 2004 authorized local employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2007 that exceeded 10.5 percent of payroll. The amortized amount receivable as of March 31, 2010 from participating employers is \$18.1 million.

The State's contributions to the System for the years ended March 31, 2010, 2009, and 2008 were \$878

million, \$899 million, and \$1.2 billion, respectively, which equaled 100 percent, 100 percent, and 100 percent of the required contributions for each respective year.

The following presentation displays the Schedule of Plan Net Assets for the System as of March 31, 2010 (amounts in millions):

SCHEDULE OF PLAN NET ASSETS
March 31, 2010

	<u>Employees' Retirement System</u>	<u>Police & Fire Retirement System</u>	<u>Total</u>
Assets:			
Investments:			
Short-term investments	\$ 2,621	\$ 465	\$ 3,086
Government bonds	20,474	3,632	24,106
Corporate bonds	8,171	1,449	9,620
Domestic equities	43,737	7,758	51,495
International equities	17,988	3,191	21,179
Private equities	10,872	1,928	12,800
Absolute return strategy investments	3,243	575	3,818
Real estate and mortgage loans	5,433	964	6,397
Total investments	112,539	19,962	132,501
Securities lending collateral, invested	7,772	1,379	9,151
Forward foreign exchange contracts	734	130	864
Receivables, net of allowances for uncollectibles	2,266	352	2,618
Capital assets, at cost, net of accumulated depreciation	22	4	26
Total assets	123,333	21,827	145,160
Liabilities:			
Securities lending collateral, due to borrowers	7,929	1,407	9,336
Forward foreign exchange contracts	732	130	862
Accounts payable—investments	307	54	361
Accounts payable—benefits	171	21	192
Other liabilities	137	20	157
Total liabilities	9,276	1,632	10,908
Net assets held in trust for pension benefits	\$ 114,057	\$ 20,195	\$ 134,252

The System issues a publicly available financial report that includes financial statements, expanded disclosures, and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York, 12244-0001, or at www.osc.state.ny.us.

EMPLOYER ACCOUNTING

The pension contribution expenditure of \$874 million reported in the Governmental Funds includes pension

costs related to employee services rendered during the year, retirement incentive programs and employer amortizations authorized by Chapter 260 of the Laws of 2004. Pension contributions payable reported in the General Fund of \$79 million are for accrued retirement incentive programs and the employer amortization. In addition, \$332 million of the retirement incentive programs and the employer amortization are reported on the Statement of Net Assets as pension contributions payable due in more than one year.

Note 13 Other Postemployment Benefits (OPEB)

Governmental Activities

The New York State Health Insurance Program (NYSHIP) was established by the State Legislature in 1957 to provide health insurance to New York State employees, retirees and their eligible dependents. Public authorities, public benefit corporations, and other quasi-public entities that choose to participate in NYSHIP are participating employers (PEs). Local government units that choose to participate in NYSHIP are called participating agencies (PAs). At present, there are approximately 378 New York State agencies, 100 PEs, and 800 PAs in NYSHIP. NYSHIP currently covers approximately 600 thousand New York State, PA

and PE employees and retirees. Eligible covered dependents bring the total number of covered individuals to approximately 1.2 million. SUNY participates in NYSHIP, but CUNY does not. Of the State's 45 discretely presented component units, which are considered PEs, a majority participate in NYSHIP. NYSHIP does not issue a stand-alone financial report but NYSHIP's activities are included within the State's financial statements. NYSHIP is classified as an agent multiple-employer plan and financial information is reported in an agency fund and accounted for on the accrual basis of accounting. Information related to investment valuations is presented in Note 2.

Enrollment	NYS*	PEs	PAs	Total
Current active participants	200,075	42,107	113,369	355,551
Vestee participants	594	141	305	1,040
COBRA participants	1,583	468	1,242	3,293
Other inactive participants**	135,560	15,764	88,421	239,745
Total participants	337,812	58,480	203,337	599,629

*Includes State and SUNY participants.

**Includes retiree, dependent survivor, long-term disability enrollees, young adult program enrollees and preferred list enrollees.

During the fiscal year ended March 31, 2010, NYSHIP provided health insurance coverage through: the Empire Plan, an indemnity health insurance plan with managed care components; 12 Health Maintenance Organizations (HMOs); and the Student Employee Health Plan (SEHP). Generally, these include hospital, medical, mental health and substance abuse benefits, and prescription drug benefits.

The benefit design of the Empire Plan is the result of collective bargaining between the State and the various unions representing its employees. Therefore, the benefit design is subject to periodic change. Benefits are administratively extended to non-represented State employees, employees of PAs and PEs, and retirees. Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

Substantially all of the State's employees may become eligible for post retirement benefits if they reach retirement age while working for the State. The costs of providing post retirement benefits are shared between the State and the retired employee.

Contributions

The authority under which the obligations of the plan members, employers and other contributing entities to contribute to the plan are established or may be amended can be found in Article XI, Section 167 of Civil Service Law. Contributions are determined in accordance with Civil Service Law—Article XI, Sections 165, 165-a and 167, which assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute. The costs of administering the plan are charged as part of the health insurance premium to all payors under the authority of Section 163.2 of Civil Service Law. A retiree is generally required to pay on a monthly basis, either 10 percent or 25 percent of the health insurance premium for enrollee or dependent coverage, respectively, which is reduced by the amount of sick leave credits available at the time of retirement factored by the employee's retirement age. Required employer contribution rates, depending upon enrollee or dependent coverage, are presented in the following table.

EMPLOYER CONTRIBUTIONS
(As Percentages of Premium Rates)

<u>Enrollee Group</u>	<u>Enrollee Coverage</u>	<u>Dependent Coverage</u>
Active/Preferred list	90%	75%
Retired before January 1, 1983	100%	75%
Retired on or after January 1, 1983	90%	75%
Amended dependent survivors ⁽¹⁾	75%	75%
Full share dependent survivors/long-term disability	0%	0%
Dependent survivors	90%	75%
Attica dependent survivors	100%	100%
Vestees	0%	0%
COBRA	0%	0%
Participating employers and participating agencies ⁽²⁾	50%	35%

⁽¹⁾State contribution for enrollee and dependent coverage is 75% of dependent coverage.

⁽²⁾Values shown are minimum employer share. Employers can pay greater percentages of premiums for their retirees.

The State reimburses Medicare eligible enrollees 100 percent of the cost of the monthly Medicare Part B premium. In addition, the State reduces the retiree health insurance contributions for the value of a retiree's unused sick leave credit at retirement (converted to a monthly fixed value). The cost is paid by the State.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State Legislature. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended March 31, 2010, the State paid \$1 billion on behalf of the plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amounts "required" but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously "required." The State's annual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the State's net OPEB obligation to

the plan for the year ended March 31, 2010 are as follows (amounts in millions):

Governmental Activities:	
Annual required contribution	\$ 2,663
Interest on net OPEB obligation at beginning of year	186
Adjustment to annual required contribution ...	(168)
Annual OPEB cost	2,681
Contributions made	(1,001)
Increase in OPEB obligation	1,680
Net obligation at beginning of year	4,388
Net obligation at end of year	\$ 6,068
Actuarial accrued liability (AAL) April 1, 2008	\$ 46,316
Funded OPEB plan assets	—
Unfunded actuarial accrued liability (UAAL) April 1, 2008	\$ 46,316
Funded ratio	— %
Covered payroll	\$ 8,864
UAAL as percentage of covered payroll	522.5%

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the actuarial valuation of OPEB also includes the value of sick leave that will be converted to reduce the retiree's share of health insurance premiums.

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years ended March 31 were as follows (amounts in millions):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Paid</u>	<u>Net OPEB Obligation</u>
3/31/10	\$ 2,681	37.34%	\$ 6,068
3/31/09	\$ 3,253	29.63%	\$ 4,388
3/31/08	\$ 3,097	32.23%	\$ 2,099

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation was performed as of April 1, 2008 with results projected to April 1, 2009 for the fiscal year ended March 31, 2010. The State's \$2.7 billion annual OPEB cost was determined using the frozen entry age actuarial cost method allocating costs on a level basis over earnings. The State's \$46.3 billion unfunded actuarial accrued liability, determined using the frozen entry age actuarial cost method as of April 1, 2008, is amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions utilized a 4.243 percent discount rate which was the average short-term investment pool rate for the past 15 years. The assumptions also utilized an annual healthcare cost trend rate of 10 percent for medical and drug, including inflation, for the first fiscal year in the valuation, declining each year to an

ultimate trend rate of 5 percent for both medical and drug; a salary growth rate of 3.5 percent; and an inflation rate of 3 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trend. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Business-type Activities

The State, on behalf of SUNY, provides health insurance coverage for eligible retired SUNY employees and their spouses as part of the New York State Health Insurance Plan (NYSHIP). Employee contribution rates for NYSHIP are established by the State and are generally 10 percent for enrollee coverage and 25 percent for dependent coverage. The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 4.243 percent discount rate, salary growth rate of 3.5 percent, an inflation rate of 3 percent, and an annual healthcare cost trend rate for medical coverage of 10 percent initially, reduced by decrements to a rate of 5 percent after 6 years.

SUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2009 are as follows (amounts in millions):

Annual required contribution	\$	621
Interest on net OPEB obligation at beginning of year		46
Adjustment to annual required contribution		(42)
Annual OPEB cost		625
Contributions made		(201)
Increase in OPEB obligation		424
Net obligation at beginning of year		1,086
Net obligation at end of year	\$	1,510
Actuarial accrued liability (AAL) April 1, 2008	\$	9,560
Funded OPEB plan assets		—
Unfunded actuarial accrued liability (UAAL) April 1, 2008	\$	9,560
Funded ratio		— %
Covered payroll	\$	2,832
UAAL as percentage of covered payroll		337.6%

The SUNY Research Foundation, a blended component unit of SUNY, is not included in the numbers shown above. The SUNY Research Foundation reports other postemployment benefits in accordance with SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. SUNY's other postemployment benefits liability reported in the Statement of Net Assets, Enterprise Funds (\$1.7 billion), includes SUNY's net obligation above (\$1.5 billion), and the funded status of the SUNY Research Foundation's plan as of June 30, 2009 (\$188 million).

CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program

which is a single-employer defined benefit healthcare plan. The program covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS): New York City Employees' Retirement System, New York City Teachers' Retirement System and New York City Board of Education Retirement System. New York City pays for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS who retired from community colleges. The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions

include a 4 percent discount rate, payroll growth rate of 3 percent, and an annual healthcare cost trend rate for medical coverage of 9.5 percent initially, reduced by decrements to a rate of 5 percent after 10 years.

Annual required contribution	\$	83
Interest on net OPEB obligation at beginning of year		5
Adjustment to annual required contribution		(5)
Annual OPEB cost		83
Contributions made		(28)
Increase in OPEB obligation		55
Net obligation at beginning of year		129
Net obligation at end of year	\$	184
Actuarial accrued liability (AAL) June 30, 2008	\$	950
Funded OPEB plan assets		—
Unfunded actuarial accrued liability (UAAL) June 30, 2008	\$	950
Funded ratio		— %
Covered payroll	\$	786
UAAL as percentage of covered payroll		120.9%

The CUNY Research Foundation, a blended component unit of the CUNY Senior Colleges, reports other postemployment benefits in accordance with SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. CUNY Senior Colleges' other postemployment benefits liability

CUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2009 are as follows (amounts in millions):

reported in the Statement of Net Assets, Enterprise Funds (\$234 million), includes the CUNY Senior Colleges' net obligation above (\$184 million), and the funded status of the CUNY Research Foundation's plan as of June 30, 2009 (\$50 million).

Note 14 Component Units—Public Benefit Corporations

Component Units—public benefit corporations (Corporations) (as defined in Note 1) are legally separate entities that are not operating departments of the State. The Corporations are managed independently, outside the appropriated budget process, and their powers generally are vested in a governing board. Corporations are established for the benefit of the State's citizenry for a variety of purposes such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

Corporations are generally supported by revenues derived from their activities, although the State has provided financial assistance, in some cases of a recurring nature, to certain Corporations for operating and other expenses. Financial assistance in the form of appropriated loans, contributed capital or operating subsidies for certain Corporations, principally the Metropolitan Transportation Authority, the Roswell Park Cancer Institute, and the Urban Development Corporation was provided in the fiscal year ended March 31, 2010 and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations.

Uncertainty as to whether the New York Racing Association and the New York City Off Track Betting Corporation were going concerns were reported in the

respective entities financial statements for the year ended noted in the table below. Further information regarding the going concern uncertainty and management's plans to address these uncertainties can be found in each of the entities financial statements.

The amounts presented in the accompanying basic financial statements for the Corporations include the following entities for the fiscal years indicated:

Entities Audited by KPMG LLP:	Fiscal Year-End
Dormitory Authority of the State of New York	March 31, 2010*
Health Research, Inc.	March 31, 2010*
Hugh L. Carey Battery Park City Authority ..	October 31, 2009*
Long Island Power Authority	December 31, 2009*
New York State Foundation for Science, Technology, and Innovation ...	March 31, 2010*
New York State Higher Education Services Corporation	March 31, 2010*
Power Authority of the State of New York ..	December 31, 2009*
Entities Audited by Other Auditors:	Fiscal Year-End
Aggregate Trust Fund	December 31, 2009
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2009*
Albany Convention Center Authority	December 31, 2009*
Capital District Transportation Authority ...	March 31, 2010*
Central New York Regional Transportation Authority	March 31, 2010*

Entities Audited by Other Auditors:	Fiscal Year-End
City University of New York— Senior College Foundations	June 30, 2009
Homeless Housing and Assistance Corporation	March 31, 2010*
Housing Trust Fund Corporation	March 31, 2010*
Hudson River-Black River Regulating District	June 30, 2009*
Metropolitan Transportation Authority	December 31, 2009*
Metro-North Commuter Railroad Company	December 31, 2009
The Long Island Rail Road Company	December 31, 2009
Triborough Bridge and Tunnel Authority	December 31, 2009
Metropolitan Suburban Bus Authority	December 31, 2009*
New York City Transit Authority	December 31, 2009*
Staten Island Rapid Transit Operating Authority	December 31, 2009*
MTA Capital Construction Company	December 31, 2009
MTA Bus Company	December 31, 2009*
First Mutual Transportation Assurance Company	December 31, 2009
Municipal Bond Bank Agency	October 31, 2009
Natural Heritage Trust	March 31, 2010*
Nelson A. Rockefeller Empire State Plaza Performing Arts	March 31, 2010*
New York City Off-Track Betting Corporation	March 31, 2010*
New York Convention Center Operating Corporation	March 31, 2010*
New York Racing Association, Inc	December 31, 2009
New York State Affordable Housing Corporation	March 31, 2010
New York State Bridge Authority	December 31, 2009*
New York State Energy Research and Development Authority	March 31, 2010*
New York State Environmental Facilities Corporation	March 31, 2010*
New York State Health Foundation	December 31, 2009
New York State Housing Finance Agency	October 31, 2009*
New York State Job Development Authority	March 31, 2010*
New York State Olympic Regional Development Authority	March 31, 2010*
New York State Theatre Institute	March 31, 2010*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2009*
New York State Thruway Authority	December 31, 2009*
Niagara Frontier Transportation Authority	March 31, 2010*
Ogdensburg Bridge and Port Authority	March 31, 2010*
Port of Oswego Authority	March 31, 2010*
Research Foundation for Mental Hygiene, Inc	March 31, 2010*
Rochester-Genesee Regional Transportation Authority	March 31, 2010*
Roosevelt Island Operating Corporation	March 31, 2010*
Roswell Park Cancer Institute	March 31, 2010*
State Insurance Fund	December 31, 2009
State of New York Mortgage Agency	October 31, 2009*
State University of New York Foundations	June 30, 2009
Urban Development Corporation	March 31, 2010*

*Audit conducted in accordance with Government Auditing Standards as promulgated by the Comptroller General of the United States.

Financial Information

Substantially all of the financial data was derived from audited annual financial statements and summarized into the combining statement format in the basic financial statements. The Corporations follow the accrual basis of accounting. A few of the individual component units, primarily, the State Insurance Fund, do not fully conform to the accrual basis; however, the impact of these variances is not material to the Corporations in total. Ten of the forty-five discrete entities presented comprise 95 percent of the combined assets and 80 percent of the combined program revenues (before eliminations). The remaining portion of this note contains a brief description of the operations of the ten largest entities. A presentation of their accounts is included in the Combining Statement of Net Assets and Combining Statement of Activities. Beginning net assets (before eliminations) were decreased by \$78 million on the Combining Statement of Activities for Discretely Presented Component Units to reflect the addition of the New York Racing Association, Inc. as a component unit of the State, the elimination of the Industrial Exhibit Authority and the restatement of beginning net assets for certain component units as reported in their respective audited financial statements. Additional information about each of the Corporations can be obtained by contacting the Corporations directly and requesting a copy of their annual financial reports, or by visiting their websites.

Certain Corporations issue revenue bonds for independent third-party entities to provide funding for the projects of those third parties. These bonds are considered conduit debt and are secured by payments made by third party entities and in some cases certain other pledged funds. These bonds do not constitute a debt or pledge of the faith and credit of the Corporations or the State, other than the amounts reported in the State's financial statements. DASNY, the New York State Housing Finance Agency (HFA), the Environmental Facilities Corporation (EFC) and the New York State Energy Research and Development Authority (NYSERDA) have issued conduit debt and have elected different, but permissible, methods of accounting for it under GAAP. DASNY has elected to report conduit debt and related assets on its balance sheet. At March 31, 2010, the liability reported for such debt was approximately \$21.5 billion. HFA reports conduit debt and related assets on its balance sheet. At October 31, 2009, the liability HFA reported for such debt was approximately \$7.8 billion. At March 31, 2010, EFC's balance sheet did not include \$181 million in bonds it issued for certain private companies and \$1 billion it issued for the State. NYSERDA has issued conduit debt for participating gas and electric companies and other third party entities, the principal of which totaled approximately \$3.6 billion at March 31, 2010, which is not included on NYSERDA's balance sheet.

Power Authority

The Power Authority of the State of New York (NYPA) was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. NYPA generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities. Three of NYPA's largest facilities are the Niagara Power Project at Lewiston, the Blenheim-Gilboa Pumped Storage Power Project at Blenheim and Gilboa and the St. Lawrence-Franklin D. Roosevelt Power Project at Massena. These hydroelectric facilities have the capability of producing 2,441,000, 1,100,000 and 800,000 kilowatts, respectively.

NYPA has loaned approximately \$318 million of reserves to the State treasury. The State has recorded a corresponding liability in its financial statements. The individual financial statements of NYPA are available on the web at www.nypa.gov.

Housing Finance Agency

The Housing Finance Agency (HFA) was created as a public benefit corporation in 1960 under Article III of the Private Housing Finance Law. The HFA is empowered to finance or contract for the financing of the construction, acquisition, or refinancing of loans for: low to moderate income housing, municipal health facilities, non-profit health care facilities, community related facilities, and to provide funds to repay the State for amounts advanced to finance the cost of various housing assistance programs. The HFA, through its Capital Grant Low Rent Assistance Program, rents housing to low and middle income persons and families. The HFA also participates in Federal housing assistance programs which provide interest reduction and rental assistance subsidies to eligible projects and tenants. The HFA administers the State's Housing Project Repair and Infrastructure Trust Fund Programs.

To finance low income housing, the HFA raises funds through the issuance of municipal securities and the making of mortgage loans to eligible borrowers. The HFA is authorized to issue bonds in the amount of approximately \$14.3 billion to finance housing projects, and approximately \$2.4 billion in Service Contract Obligation Revenue Bonds, Service Contract Revenue Bonds and Personal Income Tax Revenue Bonds. Total bond indebtedness reported as of October 31, 2009 is approximately \$9.7 billion. The individual financial statements of the HFA can be obtained by contacting them at www.nyhomes.org.

Thruway Authority

The New York State Thruway Authority (NYSTA) was created as a public benefit corporation by the State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. In 1991, the Legislature empowered NYSTA to issue Local Highway and Bridge Service Contract (LHB) Bonds to provide

funds to municipalities throughout the State for qualifying capital expenditures under State programs. In August 1992, the Legislature created the New York State Canal Corporation (NYSCC) as a subsidiary corporation of NYSTA to accept jurisdiction and control over the State Canal System from the State. In 1993, the Legislature authorized NYSTA to issue Highway and Bridge Trust Fund Bonds (HBTF) to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program. In 2001, the Legislature authorized NYSTA to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs.

The financial position of and activities relating to the special bond programs (LHB, HBTF and PIT) are reported within the funds of the State rather than under the public benefit corporations because these special bond programs are not separate legal entities but are considered funds of the State. Columns headed "Thruway Authority" reflect the operations of the Thruway system and the NYSCC. The individual financial statements of NYSTA can be obtained by contacting them at www.thruway.ny.gov.

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (MTA) was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York City metropolitan area. The accounts presented as the MTA are the combined accounts of its nine affiliates and subsidiaries. The MTA operates the largest transit and commuter rail transportation system in North America and one of the largest in the world. The MTA is dependent upon the State for a portion of its revenues. During the MTA fiscal year ended December 31, 2009, the MTA reported \$3.2 billion in payments from the State. A significant portion of that aid was in payments from the State's Mass Transportation Operating Assistance Fund, a Special Revenue Fund, which derives a major portion of its receipts from taxes imposed in the Metropolitan Transportation District for this purpose. Another significant portion of that aid came from the Metropolitan Commuter Transportation Mobility Tax enacted in 2009, which is a tax imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Transportation District. The State also provides funding to pay the debt service on approximately \$2.1 billion in bonds issued by MTA for its capital projects. The State has limited issuance of this debt to \$165 million in annual debt service with a final maturity not to exceed July 1, 2031. Debt service on MTA State Service Contract debt has been fully utilized. Capital assets

acquired prior to April 1982 for the New York City Transit Authority (NYCTA) were funded primarily by New York City through capital grants. New York City has title to a substantial portion of such assets and they are not included among the assets reported under MTA. In certain instances, title to real property used by the Triborough Bridge and Tunnel Authority (TBTA) may revert to New York City in the event TBTA determines it is not needed for corporate purposes. The Federal government has a contingent equity interest in assets acquired by the MTA with Federal funds, and upon disposal of such assets, the Federal government may have a right to its share of the proceeds from the sale. The individual financial statements of the MTA can be obtained by contacting them at www.mta.info.

Dormitory Authority

The Dormitory Authority of the State of New York (DASNY) is a public benefit corporation established in 1944. DASNY's purpose is to finance, design, construct, purchase, reconstruct and/or rehabilitate buildings (projects) for use by public and private educational and other not-for-profit institutions (institutions) located within the State, certain State agencies, local school districts, and cities and counties with respect to court facilities.

DASNY's outstanding bonds and notes of \$41.8 billion consist mainly of debt issued for independent institutions (\$9.9 billion), health care facilities (\$9.3 billion), New York State agency projects (\$8.1 billion), SUNY projects (\$7.3 billion) and CUNY projects (\$3.9 billion). The remaining debt was issued for projects for municipal facilities and other non-profit organizations. The financial statements of DASNY can be obtained at www.dasny.org.

Long Island Power Authority

The Long Island Power Authority (LIPA) was established as a corporate municipal instrumentality of the State. On May 28, 1998, the LIPA Acquisition Corporation, a wholly-owned subsidiary of LIPA, was merged with and into the Long Island Lighting Company (LILCO) pursuant to an Agreement and Plan of Merger dated as of June 26, 1997. LIPA, as owner of the transmission and distribution system located in Nassau, Suffolk and a small portion of Queens counties, is responsible for supplying electricity to customers in the service area.

LIPA financed the cost of the merger and the refinancing of certain of LILCO's outstanding debt by the issuance of \$6.7 billion aggregate principal amount of Electric System General Revenue Bonds and Electric System Subordinated Revenue Bonds. In addition, LIPA assumed \$1.2 billion of LILCO's General and Refunding Bonds which were defeased immediately upon the closing of the merger. The excess of the acquisition costs over the fair value of net assets acquired (\$3.5 billion) has been reported as an "intangible asset,"

which is being amortized over a 35-year period which began May 28, 1998. The individual financial statements of LIPA can be obtained by contacting them at www.lipower.org.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State. UDC conducts business as the Empire State Development Corporation. UDC is engaged in three principal activities: special projects financed by revenue bonds, economic development projects, and real estate projects financed by general and corporate purpose bonds. A brief description of these activities follows:

UDC issues revenue bonds, the proceeds of which are primarily used to construct correctional facilities for the State, to refinance State office facilities or to construct technology facilities for universities located within the State, to finance construction and rehabilitation of youth facilities, and to construct or improve various sports facilities. Under the related agreements, UDC is reimbursed by the State in amounts sufficient to amortize the debt service on the bonds.

UDC's efforts in economic development projects are funded by State appropriations and are primarily directed at several activities involving civic, commercial, high technology, and industrial development within the State. UDC also provides financial assistance through grants, low cost project financing, including loans and interest subsidy grants, and technical assistance in management, financing and project design.

UDC was originally created to facilitate the development of affordable housing for low, moderate and middle-income persons and families. Since the mid-1970s, UDC activity in this area has been limited to the monitoring and loan servicing of existing projects. UDC has redirected its efforts to promote economic development on the local and statewide levels with the goal of creating and retaining jobs, particularly in economically distressed areas throughout the State from the largest urban centers to the smallest rural communities. The financial statements of the UDC can be obtained by contacting them at www.empire.state.ny.us.

State Insurance Fund

The State Insurance Fund (SIF) is comprised of the Workers' Compensation Fund and the Disability Benefits Fund and is primarily engaged in providing workers' compensation and disability benefit insurance for employers in the State of New York.

During previous fiscal years, the SIF transferred approximately \$1.3 billion to the State's General Fund and Other Governmental Funds. The statutes authorizing these transfers required that the State appropriate amounts annually for the potential repayment of the transfers. Such repayment is required only to

maintain the solvency, as defined, of the Workers' Compensation Fund. The entire receivable and equity related to these transfers were eliminated from the presentation of the SIF, resulting in a fund balance of approximately \$1.2 billion.

The SIF's financial statements are prepared in conformity with the accounting practices prescribed by the Insurance Department of the State of New York, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. Major departures from GAAP include: the contingent receivable from the State of \$1.3 billion would be discounted for collectibility and imputed interest; and the SIF established a reserve for security fluctuations to provide for the difference between amortized cost and fair value, where under GAAP, no such reserve would be allowed. Bonds are generally carried at amortized cost. Under GAAP, bonds are classified into "held to maturity" and reported at amortized cost, "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus. The net unrealized gains and losses from investments in common stock are reported in unassigned surplus and dividend income generally is reported when received. Under GAAP, common stocks are classified as either "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus. Policy acquisition costs are expensed as incurred, whereas under GAAP they would be deferred and amortized to income on the same basis as premium income is recognized; certain assets designated as non-admitted assets (principally premiums in the course of collection over 90 days and office furniture and equipment) are charged directly against the surplus, where under GAAP they would be included in total assets less valuation allowances; and comprehensive income and its components are not presented in the SIF's financial statements. A more complete list of departures from GAAP is disclosed in the SIF's financial statements, which may be obtained from www3.nysif.com.

State of New York Mortgage Agency

The State of New York Mortgage Agency (SONYMA) makes mortgages available to first-time and other qualifying home buyers through its Low Interest Rate Program and other specialized home ownership programs. SONYMA also provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Program. To accomplish this purpose, SONYMA issues tax-exempt mortgage revenue bonds for direct issuance of forward commitments for new mortgage loans through participating financial institutions.

By statute, all costs of providing mortgage insurance are recovered from a State mortgage recording tax surcharge, which is a dedicated tax revenue stream received directly by SONYMA. SONYMA provides certain financial guarantees that are not fully recognized in its financial statements. As of October 31, 2009, SONYMA had issued guarantees of approximately \$2 billion, of which a minimum of 20 percent has been provided as part of the fund balance, for potential claims. When an insured mortgage is in default, the insured amount is established as a liability reserve. The financial statements of SONYMA can be obtained by contacting them at www.nyhomes.org.

Environmental Facilities Corporation

The New York State Environmental Facilities Corporation (EFC) is a public benefit corporation, formed pursuant to the New York State Environmental Facilities Corporation Act. The mission of EFC is to provide low-cost capital and expert technical assistance for environmental projects in New York State. Its purpose is to help public and private entities comply with Federal and State environmental protection and quality requirements in a cost effective manner that advances sustainable growth. EFC promotes innovative technologies and practices in all corporate programs. EFC is governed by a board of directors, which consists of seven members.

The services offered by EFC include providing low-cost capital for both water quality protection and water supply projects through the Clean Water and Drinking Water State Revolving Funds; assisting municipalities, businesses, and State agencies to understand and comply with environmental laws and regulations through the Technical Advisory Services Program, including protecting the New York City Watershed, and helping small businesses comply with air pollution standards; and providing low-cost capital and other financial assistance to New York businesses for environmental protection projects through the Industrial Finance and Financial Assistance to Business programs. The complete audited financial statements and related footnotes as well as additional information regarding EFC can be obtained by visiting EFC at www.nysefc.org.

Eliminations

Eliminations are made primarily to avoid duplicate reporting. As explained in Note 7, the State services a significant portion of the bonds and notes payable of certain Corporations.

Note 15 Joint Ventures

A joint venture is an entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The only material joint venture in which the State has a financial interest is the Port Authority of New York and New Jersey (Port Authority).

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. The Port Authority is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the port district, defined in the compact, which comprises an area of about 1,500 square miles in both states, centering around New York Harbor.

The Governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Governors have from time to time exercised their statutory power to veto the actions of the commissioners from their states.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit. The Port Authority has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The liabilities of the Port Authority include \$12.2 billion of consolidated bonds. Consolidated bonds and notes are equally and ratably secured by a pledge of the net revenues of all existing facilities and any additional facilities which may be financed in whole or in part through the medium of consolidated bonds and notes.

The Port Authority's Comprehensive Annual Financial Report is available from the Public Affairs and Comptroller's Departments of the Port Authority of New York and New Jersey, 225 Park Avenue South, New York, NY 10003-1604, or the Port Authority website at www.panynj.gov.

Consolidated financial statements of the Port Authority for the fiscal year ended December 31, 2009 disclosed the following (amounts in millions):

Financial Position	
Total assets	\$ 27,207
Total liabilities	(16,529)
Net assets	\$ 10,678
Operating Results	
Operating revenues	\$ 3,552
Operating expenses	(2,438)
Depreciation and amortization	(787)
Expenses related to September 11, 2001	203
Income from operations	530
Passenger facility charges	202
Financial income (expense), net	(328)
Contribution in aid of construction and grants	392
World Trade Center retail insurance proceeds	51
Net income	\$ 847
Changes in Net Assets	
Balance at January 1, 2009	\$ 9,831
Net income	847
Balance at December 31, 2009	\$ 10,678

Note 16 Subsequent Events

The Statement of Net Assets presents bonds and other financing arrangements outstanding as of the statement date, which is March 31, 2010 except for business-type activities related to SUNY and CUNY

Enterprise Funds reported as of June 30, 2009. Subsequent to those dates, the following bonds and other financing arrangements were issued (amounts in millions):

BONDS AND OTHER FINANCING ARRANGEMENTS ISSUED SUBSEQUENT TO DATE OF THE STATEMENT OF NET ASSETS

Issuer	Purpose	Date	Series	Par Amount
Dormitory Authority	CUNY Senior Colleges	7/1/2009	Personal Income Tax, Series 2009A	\$120
Dormitory Authority	CUNY Senior Colleges	8/31/2009	Personal Income Tax, Series 2009F	\$153
Dormitory Authority	SUNY Educational Facilities	8/31/2009	Personal Income Tax, Series 2009D	\$ 31
Dormitory Authority	SUNY Educational Facilities	8/31/2009	Personal Income Tax, Series 2009E	\$ 23
Dormitory Authority	SUNY Educational Facilities	8/31/2009	Personal Income Tax, Series 2009F	\$522
Dormitory Authority	SUNY Educational Facilities	9/24/2009	Service Contract Revenue Refunding Bonds, Series 2009	\$351
Dormitory Authority	SUNY Athletic Facilities	9/24/2009	Service Contract Revenue Refunding Bonds, Series 2009	\$ 17
Dormitory Authority	CUNY Senior Colleges	10/20/2009	Personal Income Tax, Series 2009G	\$ 91
Dormitory Authority	CUNY Senior Colleges	10/20/2009	Personal Income Tax, Series 2009H	\$236
Dormitory Authority	SUNY Dormitory Facilities	11/19/2009	Lease Revenue Bonds, Series 2009A	\$100
Urban Development Corporation	SUNY Equipment	12/1/2009	Personal Income Tax, Series 2009C	\$ 4
New York Local Government Assistance Corporation	Refunding	5/27/2010	Subordinate Lien, Series 2010A	\$250
Dormitory Authority	SUNY Educational Facilities	6/3/2010	Personal Income Tax, Series 2010D	\$800
Urban Development Corporation	Refunding	6/3/2010	Service Contract Revenue Refunding Bonds, Series 2010A	\$504

Chapter 90 of the Laws of 2010 contained a \$25 million State funded appropriation for the Urban Development Corporation for a working capital loan to the New York Racing Association, Inc. (NYRA). As of June 10, 2010 an advance of \$8.4 million has been distributed to NYRA. Repayment is expected by the

earlier of March 31, 2011 or 30 days after the execution of a memorandum of understanding with the operator of a video lottery facility at Aqueduct racetrack. If NYRA fails to repay according to these terms, the Division of the Lottery shall repay such monies from portions of the vendor fee that will otherwise be due to NYRA.

Note 17 Liquidity Risks

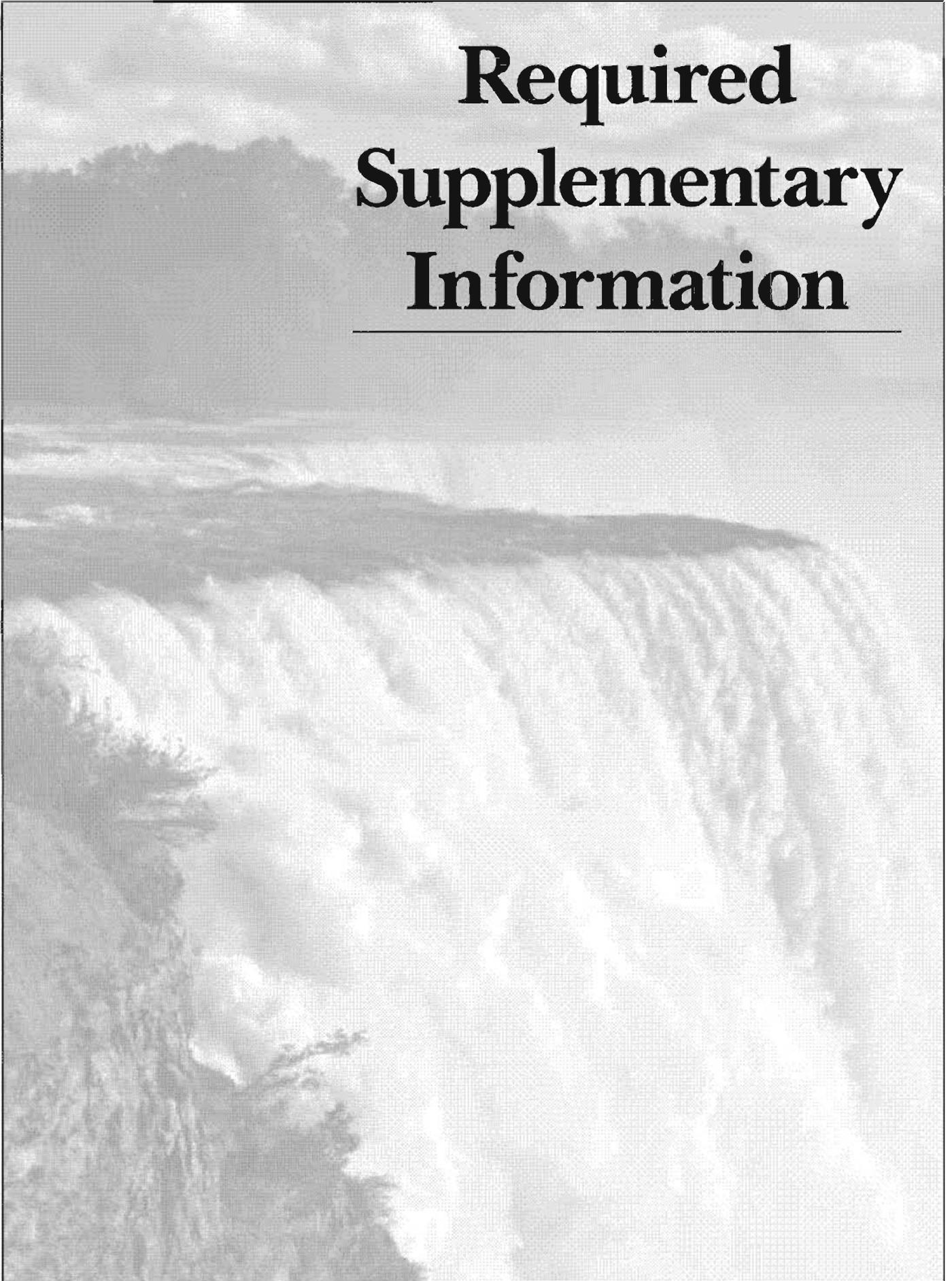
The national recession has caused significant increases in unemployment within New York State and has reduced corporate earnings and employee compensation across the State resulting in reductions in personal income, consumption and use, and corporate taxes beyond what State officials had initially estimated in the State's budget. At the same time, demand for government services has increased or stayed at the same pre-recession levels. As a result, the effects of the recession have had a significant impact on the State's General Fund financial position and have been the primary cause for the State's \$3.5 billion accumulated GAAP deficit in the General Fund.

In December 2009, the State experienced, for the first time, cash deficits in the General Fund. Also, during the 2009-10 fiscal year, the General Fund had to rely on temporary loans from other funds, the delay of certain school aid, and other local assistance payments in order to have adequate cash to pay its obligations.

Subsequent to March 31, 2010, the State again delayed certain school and local assistance payments and again experienced a cash deficit in the General Fund at June 30, 2010.

It is expected that the cash flow difficulties in the General Fund will continue or may deteriorate further if the State's tax receipts do not improve and/or the State does not reduce General Fund spending through the State's budget process to amounts that can be covered by General Fund cash receipts.

Required Supplementary Information



Budgetary Basis—Financial Plan and Actual— Combined Schedule of Cash Receipts and Disbursements

MAJOR FUNDS—GENERAL FUND AND FEDERAL SPECIAL REVENUE FUND

For the Year Ended March 31, 2010

(Amounts in millions) (Unaudited)

	General			
	Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
RECEIPTS:				
Taxes	\$ 39,401	\$ 37,234	\$ 36,997	\$ (237)
Miscellaneous	3,381	3,508	3,888	380
Federal grants	—	68	71	3
Total receipts	42,782	40,810	40,956	146
DISBURSEMENTS:				
Local assistance grants	37,086	35,515	34,234	1,281
State operations ⁽¹⁾	8,659	8,562	8,588	(26)
General State charges	3,704	3,794	3,594	200
Capital projects	—	—	—	—
Total disbursements	49,449	47,871	46,416	1,455
Excess (deficiency) of receipts over disbursements	(6,667)	(7,061)	(5,460)	1,601
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	11,556	11,902	11,600	(302)
Transfers to other funds	(5,459)	(5,416)	(5,787)	(371)
Net other financing sources (uses)	6,097	6,486	5,813	(673)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (570)	\$ (575)	\$ 353	\$ 928

Notes:

(1) Spending authority has not been exceeded by \$26 million in the General Fund because the Final Financial Plan (published approximately 10 weeks before fiscal year-end) does not reflect an increase in spending authority of \$26 million approved for State operations through March 31, 2010.

See notes to required supplementary information.

Federal Special Revenue

Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget
Original	Final		
\$ —	\$ —	\$ —	\$ —
151	216	158	(58)
44,775	47,235	43,378	(3,857)
44,926	47,451	43,536	(3,915)
38,476	40,924	37,306	3,618
1,794	1,734	1,567	167
274	259	233	26
—	—	—	—
40,544	42,917	39,106	3,811
4,382	4,534	4,430	(104)
1	1	—	(1)
(4,383)	(4,535)	(4,343)	192
(4,382)	(4,534)	(4,343)	191
\$ —	\$ —	\$ 87	\$ 87

NOTES TO BUDGETARY BASIS REPORTING

(*unaudited*)

Budgetary Basis Reporting

The State Constitution requires the Governor to submit annually an Executive Budget, which contains plans for all funds of expenditures and disbursements for the ensuing fiscal year, as well as all monies and revenues estimated to be available. Bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures and disbursements accompany the Executive Budget. Reappropriations are commonly used for federally funded programs and capital projects, where the funding amount is intended to support activities that may span several fiscal years. Budgets are prepared and enacted for all funds. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes a cash basis financial plan that must be in balance, i.e., disbursements must not exceed available receipts.

The Legislature enacts appropriation bills and revenue measures containing those parts of the Executive Budget it has approved or modified. The Legislature may also enact supplemental appropriation or special appropriation bills after it completes action on the Executive Budget. Further, when the Legislature convenes in January, it may enact deficiency appropriations to meet actual or anticipated obligations not foreseen when the annual budget and any supplemental budgets were enacted and for which the costs would exceed available spending authorizations. It might add to a previously authorized appropriation anticipated to be inadequate, or provide a new appropriation to finance an existing or anticipated liability for which no appropriation exists. A deficiency appropriation usually applies to the fiscal year during which it is made. Pursuant to State law, once the Legislature has completed action on the appropriation and revenue bills and they are approved by the Governor, the cash basis and the GAAP basis financial plans must be revised by the Governor to reflect the impact resulting from changes in appropriations and revenue bills. The cash basis financial plan, which serves as the basis for the administration of the State's finances during the fiscal year, provides a summary of projected receipts, disbursements and fiscal year-end balances. Such plans

are updated quarterly throughout the fiscal year by the Governor, and include a comparison of the actual year-to-date results with the latest revised plans, providing an explanation of any major deviations and any significant changes to the financial plans. Projected disbursements are based on agency staffing levels, program caseloads, levels of service needs, formulas contained in State and Federal law, inflation and other factors. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

The State's central accounting system includes controls over expenditures to ensure that the maximum spending authority is not exceeded during the life of the appropriation. Expenditures are controlled at the major object level within each program or project of each State agency in accordance with the underlying appropriation purpose. Compliance with the level of legal control is reported in a separate document entitled, "*Appropriation/Segregation Accounts*." This document reports both expenditures and encumbrances which reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. A copy of this report is available upon request by contacting the State Comptroller's Communication Office at 110 State Street, 15th floor, Albany, New York 12236 or by phone at (518) 474-4015. Encumbrances are not considered a disbursement in the financial plan or an expenditure and expense in the basic financial statements. Generally, appropriations are available for liabilities incurred during the fiscal year. Following the end of the fiscal year, a 'lapse period' is provided to liquidate prior year liabilities. Unless reappropriated, most State operations appropriations cease on June 30th and local assistance, debt service, capital projects and federal fund appropriations cease on September 15th—following the end of the fiscal year. Disbursements made during the lapse period from prior year appropriations are included, together with disbursements from new year appropriations, in the subsequent fiscal year financial plan. Many appropriations enacted are not intended to be used, although required by law. These types of appropriations will generally cause total appropriation authorizations to exceed cash basis financial plan disbursement amounts. Actual disbursements for certain spending categories exceeded financial plan estimates (as reported in the Budgetary Basis—Financial Plan and Actual) but

did not exceed total enacted appropriations authority. Most Capital Projects and Federal fund appropriations and many State operations appropriations are reappropriated each year by the Legislature and therefore the life of such appropriations may be many years. If the budget is not enacted by April 1st, the legislature enacts special emergency appropriations to continue government functions, as was done in April 2009.

The following presents a reconciliation of the budgetary cash basis operating results as shown in the preceding Budgetary Basis—Financial Plan and Actual Combining Schedule of Cash Receipts and Disbursements (Schedule) with the GAAP-basis operating results reported in the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)—Governmental Funds (Statement) (amounts in millions):

	<u>General</u>	<u>Federal Special Revenue</u>
Receipts and other financing sources over disbursements and other financing uses per Schedule	\$ 353	\$ 87
Entity differences:		
Receipts and other financing sources over disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	114	(2)
Perspective differences:		
Receipts and other financing sources over disbursements and other financing uses for funds treated as Special Revenue Funds in the financial plan and part of the General Fund for GAAP reporting	(272)	—
Temporary interfund cash loans	144	11
Basis of accounting differences:		
Revenue accrual adjustments	(376)	1,657
Expenditure accrual adjustments	(557)	(1,752)
Net Change in Fund Balances	<u>\$ (594)</u>	<u>\$ 1</u>

The entity differences relate to the inclusion of certain funds considered to be Proprietary Funds for purposes of the cash basis financial plan. Perspective differences relate to variations in the presentation of the cash basis financial plan fund structure versus GAAP fund structure. A perspective difference for temporary interfund loans occurs when a fund temporarily overdraws its share of the pooled investment funds.

These temporary loans are covered by the General Fund's share of the pool. A perspective difference relating to the Infrastructure Trust Fund and Earmarked Revenue Accounts occurs because these funds are included in the Special Revenue Funds cash basis financial plan while the GAAP basis presentation includes them in the General Fund.

INFRASTRUCTURE ASSETS USING THE MODIFIED APPROACH (*unaudited*)

In accordance with GAAP, the State has adopted an alternative method for recording depreciation expense for the State's network of roads and bridges maintained by the Department of Transportation. Under this method, referred to as the modified approach, the State will not report depreciation expense for roads and bridges but will capitalize all costs that add to the capacity and efficiency of State owned roads and bridges. Generally all maintenance and preservation costs will be expensed and not capitalized.

In order to adopt the modified approach, the State is required to meet the following criteria:

1. Maintain an asset management system that includes a current inventory of eligible infrastructure assets.
2. Conduct condition assessments of eligible assets and summarize the results using a measurement scale.
3. Estimate each year the annual amount necessary to maintain and preserve the eligible assets at the condition level established and disclosed by the State.
4. Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

The State Department of Transportation maintains the Pavement Management System (PMS) which supports a construction program that preserves the State's investment in its roads. The PMS contains locational, operational and historical condition data. The PMS is used to determine the appropriate program for improving the asset condition and to determine future funding levels necessary to meet condition goals. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens.

The State annually conducts an assessment of the pavement condition of the State's road network. Trained technicians rate the condition of the pavement based on surface condition and dominant distress (e.g. cracking, faulting) using a scale of A1 (very poor) to A10 (excellent) based on the prevalence of a surface-related pavement distress. A pavement condition rating (PCR) is assigned to each surface section. The State currently has 42,558 lane miles of roads.

It is the State's intention to maintain the roads at an average PCR between 6.7 and 7.2.

Bridges

The State Department of Transportation maintains the Bridge Management System (BMS) which supports a construction program that preserves the State's investment in its bridges. The BMS is used in planning construction programs and estimating construction costs. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens.

The State conducts biennial inspections of all bridges in the State. The State uses a numerical inspection condition rating scale ranging from 1 (minimum) to 7 (maximum). During each general inspection, various components or elements of each bridge span are rated by the inspector as to the extent of deterioration, as well as the component's ability to function structurally relative to when it was newly designed and constructed. The element rating values are combined using a weighted average formula to compute an overall bridge condition rating value for each bridge. A rating of 6 to 7 is excellent, which indicates that no repairs are necessary. A rating of 3 to 5 is fair to good, which indicates that minor repairs are required. A rating of 1 to 2 is deficient, which indicates major repairs or replacement are necessary. The State has approximately 7,864 bridges.

It is the State's intention to maintain the bridges at an average condition rating level between 5.3 and 5.6.

Comparison of Estimated-to-Actual Maintenance/Preservation Costs

Preservation of the roads and bridges is accomplished through construction programs managed by the PMS and BMS. The following presents the State's estimate of costs necessary to preserve and maintain the network of roads and bridges at, or above, the established condition level, compared to the actual costs incurred during fiscal year 2009-2010 (amounts in millions):

Pavement and Bridge Condition Summary as of December 31:

<u>Year</u>	<u>Pavement Average Surface Rating</u>	<u>Bridges Average Condition Rating</u>
2009	6.91	5.38
2008	6.93	5.39
2007	6.86	5.41
2006	6.90	5.42
2005	6.81	5.43
2004	6.82	5.44

Actual Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total roads	\$ 1,140	\$ 1,088	\$ 981	\$ 967	\$ 931
Total bridges	288	203	329	222	178
Total	\$ 1,428	\$ 1,291	\$ 1,310	\$ 1,189	\$ 1,109

Estimated Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total roads	\$ 1,072	\$ 1,015	\$ 914	\$ 878	\$ 793
Total bridges	229	116	200	195	209
Total	\$ 1,301	\$ 1,131	\$ 1,114	\$ 1,073	\$ 1,002

SCHEDULE OF FUNDING PROGRESS

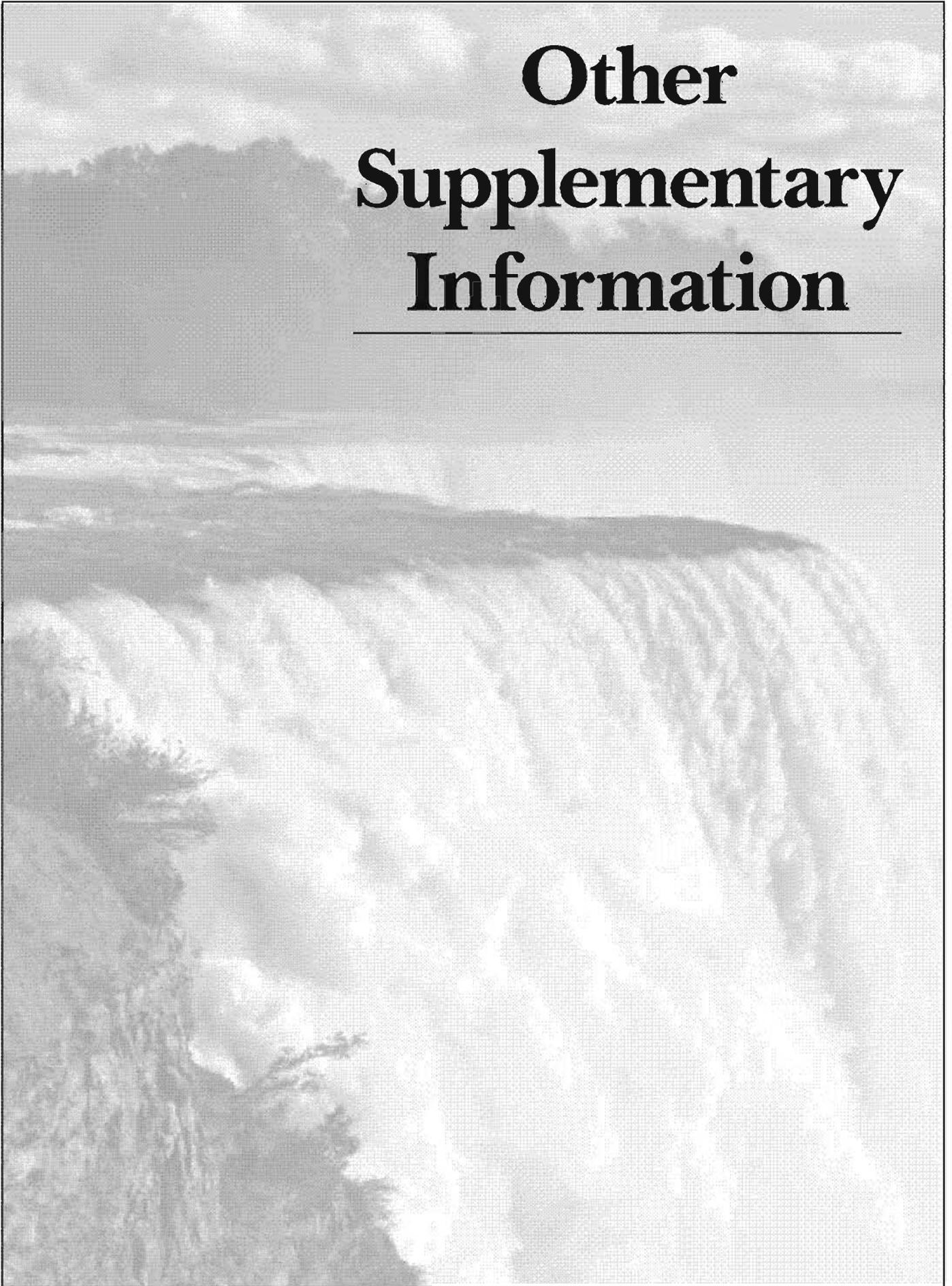
(unaudited)

Other Postemployment Benefits

(Amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
Governmental Activities:						
April 1, 2008	\$ —	\$ 46,316	\$ 46,316	—%	\$ 8,864	522.5%
April 1, 2006	\$ —	\$ 39,059	\$ 39,059	—%	\$ 7,177	544.2%
Business-type Activities:						
SUNY						
April 1, 2008	\$ —	\$ 9,560	\$ 9,560	—%	\$ 2,832	337.6%
April 1, 2006	\$ —	\$ 8,261	\$ 8,261	—%	\$ 2,445	337.9%
CUNY						
June 30, 2008	\$ —	\$ 950	\$ 950	—%	\$ 786	120.9%
June 30, 2006	\$ —	\$ 936	\$ 936	—%	\$ 696	134.5%

Other Supplementary Information





General Fund

The General Fund is the most significant of the State's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund.

The General Fund is divided into several accounts. Expenditures in the form of aid to local governments for their general purposes (e.g., State-local revenue sharing) and to school districts and municipalities for certain specific purposes (e.g., education and social services) are made from the Local Assistance account. These payments, often based on specific legislated formulas, are nevertheless limited under the State Constitution to appropriations in force. Expenditures from the Local Assistance account normally comprise approximately 60 percent of General Fund expenditures.

The expenditures of operating the departments of the Executive Branch, the Legislature and the Judiciary, as well as expenditures for general state charges such as contributions to employee retirement systems, are paid primarily from the State Purposes account and normally comprise approximately 40 percent of the General Fund expenditures.

Combining Schedule of Balance Sheet Accounts

GENERAL FUND

March 31, 2010

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
ASSETS:					
Cash and investments	\$ 59	\$ 30	\$ 1,031	\$ 96	\$ 175
Receivables, net of allowance for uncollectibles:					
Taxes	—	7,972	—	—	—
Due from Federal government	110	—	—	—	—
Other	573	53	—	1	—
Due from other funds	6	833	—	—	—
Other assets	101	31	—	—	—
Total assets	\$ 849	\$ 8,919	\$ 1,031	\$ 97	\$ 175
LIABILITIES:					
Tax refunds payable	\$ —	\$ 6,996	\$ —	\$ —	\$ —
Accounts payable	—	335	—	—	—
Accrued liabilities	1,873	410	—	1	—
Payable to local governments	4,189	—	—	16	—
Due to other funds	331	1,234	—	—	—
Pension contributions payable	—	79	—	—	—
Deferred revenues	9	965	—	—	—
Total liabilities	6,402	10,019	—	17	—
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	247	99	—	58	—
Tax stabilization	—	—	1,031	—	—
Refund	—	—	—	—	—
Other specified purposes	55	2	—	22	175
Unreserved	(5,855)	(1,201)	—	—	—
Total fund balances (deficits)	(5,553)	(1,100)	1,031	80	175
Total liabilities and fund balances (deficits) ...	\$ 849	\$ 8,919	\$ 1,031	\$ 97	\$ 175

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals	
					2010	2009
\$ 978	\$ —	\$ 867	\$ 71	\$ —	\$ 3,307	\$ 2,968
—	—	—	—	—	7,972	7,125
—	—	—	—	—	110	—
—	3	231	2	—	863	760
—	708	33	25	(516)	1,089	1,235
—	—	146	1	—	279	406
<u>\$ 978</u>	<u>\$ 711</u>	<u>\$ 1,277</u>	<u>\$ 99</u>	<u>\$ (516)</u>	<u>\$ 13,620</u>	<u>\$ 12,494</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,996	\$ 6,225
—	—	80	44	—	459	694
—	—	267	7	—	2,558	2,939
—	—	71	3	—	4,279	2,343
—	—	479	36	(516)	1,564	2,451
—	—	—	—	—	79	82
—	—	249	—	—	1,223	704
—	—	1,146	90	(516)	17,158	15,438
—	—	417	22	—	843	767
—	—	—	—	—	1,031	1,031
978	—	—	—	—	978	577
—	—	—	19	—	273	249
—	711	(286)	(32)	—	(6,663)	(5,568)
<u>978</u>	<u>711</u>	<u>131</u>	<u>9</u>	<u>—</u>	<u>(3,538)</u>	<u>(2,944)</u>
<u>\$ 978</u>	<u>\$ 711</u>	<u>\$ 1,277</u>	<u>\$ 99</u>	<u>\$ (516)</u>	<u>\$ 13,620</u>	<u>\$ 12,494</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Accounts

GENERAL FUND

Year Ended March 31, 2010

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
REVENUES:					
Taxes:					
Personal income	\$ —	\$ 22,330	\$ —	\$ —	\$ —
Consumption and use	—	8,059	—	—	—
Business	—	5,490	—	—	—
Other	—	873	—	—	—
Federal grants	—	71	—	—	—
Miscellaneous	32	3,677	—	—	—
Total revenues	32	40,500	—	—	—
EXPENDITURES:					
Local assistance grants:					
Social services	10,680	—	—	21	—
Education	20,496	—	—	16	—
Mental hygiene	296	—	—	3	—
General purpose	1,251	—	—	—	—
Health and environment	1,314	—	—	12	—
Transportation	458	—	—	3	—
Criminal justice	150	—	—	11	—
Miscellaneous	375	—	—	66	—
State operations:					
Personal service	—	5,346	—	—	—
Non-personal service	—	1,634	—	—	—
Pension contributions	—	810	—	—	—
Other fringe benefits	—	1,478	—	—	—
Total expenditures	35,020	9,268	—	132	—
Excess (deficiency) of revenues over expenditures ...	(34,988)	31,232	—	(132)	—
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	36,918	12,287	—	93	—
Transfers to other funds	(3,809)	(43,129)	—	—	—
Financing arrangements issued	431	—	—	—	—
Premiums on bonds issued	25	—	—	—	—
Net other financing sources (uses)	33,565	(30,842)	—	93	—
Net change in fund balances	(1,423)	390	—	(39)	—
Fund balances (deficits) at April 1, 2009	(4,130)	(1,490)	1,031	119	175
Fund balances (deficits) at March 31, 2010	\$ (5,553)	\$ (1,100)	\$ 1,031	\$ 80	\$ 175

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals	
					2010	2009
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22,330	\$ 19,262
—	—	—	—	—	8,059	8,174
—	—	—	—	—	5,490	5,670
—	—	—	—	—	873	1,088
—	—	—	—	—	71	45
—	2,560	3,466	503	(2,178)	8,060	5,989
—	2,560	3,466	503	(2,178)	44,883	40,228
—	—	742	—	—	11,443	12,601
—	—	30	—	—	20,542	21,157
—	—	1,345	—	—	1,644	1,686
—	—	—	—	—	1,251	1,220
—	—	351	—	—	1,677	1,789
—	—	—	—	—	461	571
—	—	49	1	—	211	253
—	—	52	—	—	493	537
—	—	3,304	121	—	8,771	8,948
—	159	1,392	427	(501)	3,111	3,318
—	—	—	—	—	810	907
—	2,237	1,623	54	(1,677)	3,715	3,643
—	2,396	8,888	603	(2,178)	54,129	56,630
—	164	(5,422)	(100)	—	(9,246)	(16,402)
978	—	6,578	147	(42,186)	14,815	15,614
(577)	—	(1,221)	(69)	42,186	(6,619)	(6,491)
—	—	—	—	—	431	368
—	—	—	—	—	25	16
401	—	5,357	78	—	8,652	9,507
401	164	(65)	(22)	—	(594)	(6,895)
577	547	196	31	—	(2,944)	3,951
\$ 978	\$ 711	\$ 131	\$ 9	\$ —	\$ (3,538)	\$ (2,944)



Federal Special Revenue Fund

The Federal Special Revenue Fund is a major fund that accounts for most federal revenues and expenditures.

The Federal Special Revenue Fund is divided into several accounts. The Fund accounts for federal grants received by the State that are earmarked for specific programs. The need to satisfy federal accounting and reporting requirements dictates that federal grants be accounted for in a number of separate accounts. These accounts include the Federal USDA—Food and Nutrition Services Account, the Federal Health and Human Services Account, the Federal Education Account, the Federal DHHS Block Grant Account, the Federal Operating Grants Account, the Unemployment Insurance Administration Account, the Federal Unemployment Insurance Occupational Training Account, and the Federal Employment and Training Grants Account.

Combining Schedule of Balance Sheet Accounts

FEDERAL SPECIAL REVENUE FUND

March 31, 2010

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and investments	\$ —	\$ 45	\$ —	\$ —	\$ 223
Receivables, net of allowance for uncollectibles:					
Due from Federal government	78	5,803	98	8	126
Other	17	421	—	—	—
Due from other funds	5	2	8	—	—
Other assets	10	14	2	1	6
Total assets	\$ 110	\$ 6,285	\$ 108	\$ 9	\$ 355
LIABILITIES:					
Accounts payable	\$ 5	\$ 26	\$ 8	\$ —	\$ 27
Accrued liabilities	1	3,460	5	—	5
Payable to local governments	78	1,696	44	—	136
Due to other funds	14	418	51	9	45
Deferred revenues	10	685	—	—	142
Total liabilities	108	6,285	108	9	355
FUND BALANCES:					
Reserved for encumbrances	16	106	120	3	1,023
Unreserved	(14)	(106)	(120)	(3)	(1,023)
Total fund balances	2	—	—	—	—
Total liabilities and fund balances	\$ 110	\$ 6,285	\$ 108	\$ 9	\$ 355

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals	
			2010	2009
\$ 79	\$ —	\$ —	\$ 347	\$ 251
10	—	9	6,132	4,469
—	—	—	438	279
1	—	—	16	11
—	—	—	33	33
\$ 90	\$ —	\$ 9	\$ 6,966	\$ 5,043
\$ 9	\$ —	\$ 6	\$ 81	\$ 53
18	—	—	3,489	2,951
—	—	—	1,954	1,092
23	—	3	563	239
40	—	—	877	707
90	—	9	6,964	5,042
51	—	24	1,343	1,082
(51)	—	(24)	(1,341)	(1,081)
—	—	—	2	1
\$ 90	\$ —	\$ 9	\$ 6,966	\$ 5,043

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts

FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2010

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
REVENUES:					
Federal grants	\$ 6,495	\$ 37,651	\$ 3,704	\$ 42	\$ 994
Miscellaneous	3	—	—	—	—
Total revenues	6,498	37,651	3,704	42	994
EXPENDITURES:					
Local assistance grants:					
Social services	5,073	31,749	—	11	15
Education	731	—	3,372	—	4
Mental hygiene	—	138	3	6	13
Health and environment	571	446	14	7	—
Transportation	—	—	—	—	46
Criminal justice	—	—	—	—	337
Miscellaneous	—	236	1	8	253
State operations:					
Personal service	24	193	96	—	123
Non-personal service	41	255	107	5	149
Pension contributions	2	15	8	—	8
Other fringe benefits	8	55	29	—	27
Total expenditures	6,450	33,087	3,630	37	975
Excess of revenues over expenditures	48	4,564	74	5	19
OTHER FINANCING USES:					
Transfers to other funds	(47)	(4,564)	(74)	(5)	(19)
Other financing uses	(47)	(4,564)	(74)	(5)	(19)
Net change in fund balances	1	—	—	—	—
Fund balances at April 1, 2009	1	—	—	—	—
Fund balances at March 31, 2010	\$ 2	\$ —	\$ —	\$ —	\$ —

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals	
			2010	2009
\$ 302	\$ 2	\$ 305	\$ 49,495	\$ 39,696
52	—	—	55	60
<u>354</u>	<u>2</u>	<u>305</u>	<u>49,550</u>	<u>39,756</u>
—	—	4	36,852	29,146
—	—	—	4,107	3,375
—	—	—	160	166
—	—	—	1,038	984
—	—	—	46	34
—	—	—	337	178
8	—	252	758	424
181	—	15	632	617
92	2	26	677	675
16	—	2	51	48
57	—	6	182	188
<u>354</u>	<u>2</u>	<u>305</u>	<u>44,840</u>	<u>35,835</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>4,710</u>	<u>3,921</u>
—	—	—	(4,709)	(3,920)
—	—	—	(4,709)	(3,920)
—	—	—	1	1
—	—	—	1	—
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 1</u>



General Debt Service Fund

The General Debt Service Fund is a major fund that is used to account for the payment of principal and interest on the State's general debt and the payments on certain lease/purchase or other contractual obligations.

The General Debt Service Fund is divided into two accounts. The principal and interest payments for the State's general debt and for certain lease/purchase or other contractual obligations are made from the General Debt Service Account. The principal and interest payments for the Tobacco Settlement Financing Corporation (TSFC) are made from the Tobacco Settlement Financing Corporation Account.

Combining Schedule of Balance Sheet Accounts

GENERAL DEBT SERVICE FUND

March 31, 2010

(Amounts in millions)

	General Debt Service Account	Tobacco Settlement Financing Corporation	Totals	
			2010	2009
ASSETS:				
Cash and investments	\$ 829	\$ 451	\$ 1,280	\$ 1,332
Receivables, net of allowance for uncollectibles:				
Taxes	1,987	—	1,987	1,822
Other	—	411	411	457
Other assets	—	—	—	20
Total assets	\$ 2,816	\$ 862	\$ 3,678	\$ 3,631
LIABILITIES:				
Tax refunds payable	\$ 1,767	\$ —	\$ 1,767	\$ 1,528
Accounts payable	—	—	—	170
Accrued liabilities	6	—	6	4
Payable to local governments	50	—	50	98
Due to other funds	98	—	98	154
Deferred revenues	65	—	65	68
Total liabilities	1,986	—	1,986	2,022
FUND BALANCES:				
Reserved for debt service	796	862	1,658	1,731
Unreserved	34	—	34	(122)
Total fund balances	830	862	1,692	1,609
Total liabilities and fund balances	\$ 2,816	\$ 862	\$ 3,678	\$ 3,631

See independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts

GENERAL DEBT SERVICE FUND

Year Ended March 31, 2010

(Amounts in millions)

	General Debt Service Account	Tobacco Settlement Financing Corporation	Totals	
			2010	2009
REVENUES:				
Taxes:				
Personal income tax	\$ 8,776	\$ —	\$ 8,776	\$ 9,307
Federal grants	5	—	5	—
Tobacco settlement	—	414	414	506
Miscellaneous	28	—	28	77
Total revenues	8,809	414	9,223	9,890
EXPENDITURES:				
Non-personal service	34	—	34	55
Debt service, including payments on financing arrangements	3,261	512	3,773	3,296
Total expenditures	3,295	512	3,807	3,351
Excess (deficiency) of revenues over expenditures	5,514	(98)	5,416	6,539
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,210	4	3,214	2,889
Transfers to other funds	(8,547)	—	(8,547)	(9,295)
Refunding debt issued	1,128	—	1,128	2,236
Payments to escrow agents for refundings	(1,171)	—	(1,171)	(2,275)
Swap termination	(47)	—	(47)	—
Premiums on bonds issued	90	—	90	54
Net other financing sources (uses)	(5,337)	4	(5,333)	(6,391)
Net change in fund balances	177	(94)	83	148
Fund balances at April 1, 2009	653	956	1,609	1,461
Fund balances at March 31, 2010	\$ 830	\$ 862	\$ 1,692	\$ 1,609

See independent auditors' report.

Schedule of Cash Receipts and Disbursements

Budgetary Basis—Financial Plan and Actual

GENERAL DEBT SERVICE FUND

Year Ended March 31, 2010

(Amounts in millions)

	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	\$ 8,597	\$ 8,688	\$ 91
Miscellaneous receipts	11	13	2
Total receipts	8,608	8,701	93
DISBURSEMENTS:			
State operations	44	25	19
Debt service	4,088	4,200	(112)
Total disbursements	4,132	4,225	(93)
Excess of receipts over disbursements	4,476	4,476	—
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,035	3,165	130
Transfers to other funds	(7,511)	(7,641)	(130)
Net other financing uses	(4,476)	(4,476)	—
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ —	\$ —	\$ —

See independent auditors' report.

*Other
Governmental Funds*

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS

March 31, 2010

(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals	
				2010	2009
ASSETS:					
Cash and investments	\$ 1,900	\$ 693	\$ 3,188	\$ 5,781	\$ 5,080
Receivables, net of allowance for uncollectibles:					
Taxes	303	226	61	590	376
Due from Federal government	—	—	226	226	451
Other	663	84	184	931	945
Due from other funds	296	377	163	836	617
Other assets	5	—	8	13	10
Total assets	\$ 3,167	\$ 1,380	\$ 3,830	\$ 8,377	\$ 7,479
LIABILITIES:					
Tax refunds payable	\$ 194	\$ 20	\$ 18	\$ 232	\$ 206
Accounts payable	30	1	555	586	409
Accrued liabilities	128	8	66	202	218
Payable to local governments	329	—	215	544	368
Due to other funds	94	193	611	898	987
Deferred revenues	144	40	12	196	205
Total liabilities	919	262	1,477	2,658	2,393
FUND BALANCES:					
Reserved for:					
Encumbrances	140	—	7,545	7,685	6,151
Debt service	—	618	—	618	590
Other specified purposes	15	—	87	102	233
Unreserved	2,093	500	(5,279)	(2,686)	(1,888)
Total fund balances	2,248	1,118	2,353	5,719	5,086
Total liabilities and fund balances	\$ 3,167	\$ 1,380	\$ 3,830	\$ 8,377	\$ 7,479

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals	
				2010	2009
REVENUES:					
Taxes:					
Personal income	\$ 3,430	\$ —	\$ —	\$ 3,430	\$ 4,527
Consumption and use	1,795	2,626	589	5,010	4,957
Business	1,423	—	634	2,057	2,041
Other	1,378	303	199	1,880	681
Federal grants	—	—	1,836	1,836	1,896
Public health/patient fees	3,811	485	—	4,296	3,734
Tobacco settlement	77	—	—	77	88
Miscellaneous	3,194	53	1,007	4,254	3,657
Total revenues	15,108	3,467	4,265	22,840	21,581
EXPENDITURES:					
Local assistance grants:					
Social services	4,045	—	1	4,046	2,994
Education	6,123	—	325	6,448	6,515
Mental hygiene	5	—	103	108	146
Health and environment	1,151	—	384	1,535	1,819
Transportation	3,965	—	651	4,616	3,504
Criminal justice	76	—	—	76	85
Miscellaneous	140	—	677	817	1,940
State operations:					
Personal service	330	—	—	330	254
Non-personal service	2,535	29	—	2,564	2,334
Pension contributions	13	—	—	13	18
Other fringe benefits	53	—	—	53	60
Capital construction	—	—	5,029	5,029	5,127
Debt service, including payments on financing arrangements	—	772	—	772	806
Total expenditures	18,436	801	7,170	26,407	25,602
Excess (deficiency) of revenues over expenditures	(3,328)	2,666	(2,905)	(3,567)	(4,021)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,948	3,932	662	7,542	6,642
Transfers to other funds	(343)	(6,316)	(1,236)	(7,895)	(7,750)
General obligation bonds issued	—	—	449	449	455
Financing arrangements issued	—	—	3,923	3,923	3,321
Refunding debt issued	—	1,072	—	1,072	1,638
Payments to escrow agents for refundings	—	(1,107)	—	(1,107)	(1,651)
Swap termination	—	(47)	—	(47)	(32)
Premiums on bonds issued	—	95	168	263	145
Net other financing sources (uses)	2,605	(2,371)	3,966	4,200	2,768
Net change in fund balances	(723)	295	1,061	633	(1,253)
Fund balances at April 1, 2009	2,971	823	1,292	5,086	6,339
Fund balances at March 31, 2010	\$ 2,248	\$ 1,118	\$ 2,353	\$ 5,719	\$ 5,086

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Special Revenue			Debt Service		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	\$ 8,143	\$ 7,801	\$ (342)	\$ 2,757	\$ 2,761	\$ 4
Miscellaneous	14,383	14,654	271	807	974	167
Federal grants	—	—	—	—	—	—
Total receipts	22,526	22,455	(71)	3,564	3,735	171
DISBURSEMENTS:						
Local assistance grants	18,085	18,089	(4)	—	—	—
State operations	9,561	9,224	337	30	26	4
General state charges	1,730	1,907	(177)	—	—	—
Debt service	—	—	—	834	761	73
Capital projects	3	11	(8)	—	—	—
Total disbursements	29,379	29,231	148	864	787	77
Excess (deficiency) of receipts over disbursements	(6,853)	(6,776)	77	2,700	2,948	248
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	7,081	7,935	854	3,689	3,332	(357)
Transfers to other funds	(1,320)	(1,691)	(371)	(6,403)	(6,167)	236
Net other financing sources (uses)	5,761	6,244	483	(2,714)	(2,835)	(121)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (1,092)	\$ (532)	\$ 560	\$ (14)	\$ 113	\$ 127

See independent auditors' report.

Capital Projects

Financial Plan	Actual	Variance
\$ 2,047	\$ 1,421	\$ (626)
3,459	3,883	424
2,544	2,061	(483)
8,050	7,365	(685)
1,243	1,441	(198)
—	—	—
—	—	—
—	—	—
6,731	5,671	1,060
7,974	7,112	862
76	253	177
469	448	(21)
663	737	74
(1,211)	(1,184)	27
(79)	1	80
\$ (3)	\$ 254	\$ 257



Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

School Tax Relief Fund (STAR)—to reimburse school districts for the property tax exemptions for homeowners.

Health Care Reform Act Resources—to account for health care initiatives financed with hospital assessments, surcharges, proceeds from the sale of public assets and cigarette tax receipts.

Dedicated Mass Transportation Trust Fund—to account for monies that are earmarked for mass transportation purposes.

ENCON Special Revenue—to account for various fees, fines and penalties earmarked for environmental monitoring activities, conservation and efficiency projects and other environmental maintenance and regulation purposes.

Conservation Fund—to account for hunting and fishing license fees and related fines and penalties that are dedicated to fish and wildlife programs.

Environmental Protection and Spill Compensation Fund—to account for license fees and penalties that are earmarked for oil spill clean-up costs and claims for damages.

Mass Transportation Operating Assistance—to account for various taxes earmarked for public mass transportation operating assistance programs.

MTA Financial Assistance Fund—to account for taxes and fees imposed in the Metropolitan Commuter Transportation District dedicated for Metropolitan Transportation Authority operating and capital needs.

Miscellaneous—to account for various fees, fines, user charges and other miscellaneous revenues that are earmarked for specific State programs.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

March 31, 2010

(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
ASSETS:					
Cash and investments	\$ —	\$ 295	\$ 91	\$ —	\$ 58
Receivables, net of allowance for uncollectibles:					
Taxes	—	63	16	—	—
Other	—	368	—	—	—
Due from other funds	114	—	14	—	1
Other assets	—	—	—	—	—
Total assets	\$ 114	\$ 726	\$ 121	\$ —	\$ 59
LIABILITIES:					
Tax refunds payable	\$ —	\$ 1	\$ 7	\$ —	\$ —
Accounts payable	—	11	1	2	1
Accrued liabilities	114	1	—	3	1
Payable to local governments	—	42	59	—	—
Due to other funds	—	4	—	14	4
Deferred revenues	—	34	—	—	—
Total liabilities	114	93	67	19	6
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	—	22	62	7	1
Other specified purposes	—	—	—	—	—
Unreserved	—	611	(8)	(26)	52
Total fund balances (deficits)	—	633	54	(19)	53
Total liabilities and fund balances (deficits) ...	\$ 114	\$ 726	\$ 121	\$ —	\$ 59

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Eliminations	Totals	
					2010	2009
\$ 5	\$ 111	\$ 72	\$ 1,268	\$ —	\$ 1,900	\$ 2,429
—	59	165	—	—	303	129
82	—	—	213	—	663	657
—	—	18	173	(24)	296	458
—	—	—	5	—	5	3
<u>\$ 87</u>	<u>\$ 170</u>	<u>\$ 255</u>	<u>\$ 1,659</u>	<u>\$ (24)</u>	<u>\$ 3,167</u>	<u>\$ 3,676</u>
\$ —	\$ 186	\$ —	\$ —	\$ —	\$ 194	\$ 165
6	—	—	9	—	30	25
1	—	—	8	—	128	128
—	55	94	79	—	329	181
2	2	—	92	(24)	94	65
71	—	—	39	—	144	141
<u>80</u>	<u>243</u>	<u>94</u>	<u>227</u>	<u>(24)</u>	<u>919</u>	<u>705</u>
1	1	—	46	—	140	201
—	—	—	15	—	15	93
6	(74)	161	1,371	—	2,093	2,677
<u>7</u>	<u>(73)</u>	<u>161</u>	<u>1,432</u>	<u>—</u>	<u>2,248</u>	<u>2,971</u>
<u>\$ 87</u>	<u>\$ 170</u>	<u>\$ 255</u>	<u>\$ 1,659</u>	<u>\$ (24)</u>	<u>\$ 3,167</u>	<u>\$ 3,676</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
REVENUES:					
Taxes:					
Personal income	\$ 3,430	\$ —	\$ —	\$ —	\$ —
Consumption and use	—	918	106	—	—
Business	—	—	361	—	—
Other	—	—	—	—	—
Public health/patient fees	—	3,811	—	—	—
Tobacco settlement	—	77	—	—	—
Miscellaneous	—	1	212	79	74
Total revenues	3,430	4,807	679	79	74
EXPENDITURES:					
Local assistance grants:					
Social services	—	4,043	—	—	—
Education	3,433	—	—	—	—
Mental hygiene	—	—	—	—	—
Health and environment	—	1,150	—	—	—
Transportation	—	—	737	—	—
Criminal justice	—	—	—	—	—
Miscellaneous	2	1	—	1	—
State operations:					
Personal service	—	11	—	52	20
Non-personal service	—	43	—	30	13
Pension contributions	—	1	—	3	2
Other fringe benefits	—	4	—	12	7
Total expenditures	3,435	5,253	737	98	42
Excess (deficiency) of revenues over expenditures ...	(5)	(446)	(58)	(19)	32
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	95	—	17	—
Transfers to other funds	—	(125)	—	(10)	(2)
Net other financing sources (uses)	—	(30)	—	7	(2)
Net change in fund balances	(5)	(476)	(58)	(12)	30
Fund balances (deficits) at April 1, 2009	5	1,109	112	(7)	23
Fund balances (deficits) at March 31, 2010	\$ —	\$ 633	\$ 54	\$ (19)	\$ 53

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Eliminations	Totals	
					2010	2009
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,430	\$ 4,527
—	707	64	—	—	1,795	1,658
—	1,062	—	—	—	1,423	1,414
—	—	1,378	—	—	1,378	—
—	—	—	—	—	3,811	3,340
—	—	—	—	—	77	88
56	18	119	2,635	—	3,194	2,623
<u>56</u>	<u>1,787</u>	<u>1,561</u>	<u>2,635</u>	<u>—</u>	<u>15,108</u>	<u>13,650</u>
—	—	—	2	—	4,045	2,993
—	—	—	2,690	—	6,123	5,881
—	—	—	5	—	5	14
—	—	—	1	—	1,151	1,506
—	1,811	1,417	—	—	3,965	2,869
—	—	—	76	—	76	85
—	—	—	136	—	140	1,355
11	—	—	236	—	330	254
20	1	—	2,428	—	2,535	2,301
1	—	—	6	—	13	18
4	—	—	26	—	53	60
<u>36</u>	<u>1,812</u>	<u>1,417</u>	<u>5,606</u>	<u>—</u>	<u>18,436</u>	<u>17,336</u>
<u>20</u>	<u>(25)</u>	<u>144</u>	<u>(2,971)</u>	<u>—</u>	<u>(3,328)</u>	<u>(3,686)</u>
—	37	24	102,942	(100,167)	2,948	2,825
(17)	(120)	(7)	(100,229)	100,167	(343)	(323)
<u>(17)</u>	<u>(83)</u>	<u>17</u>	<u>2,713</u>	<u>—</u>	<u>2,605</u>	<u>2,502</u>
3	(108)	161	(258)	—	(723)	(1,184)
4	35	—	1,690	—	2,971	4,155
<u>\$ 7</u>	<u>\$ (73)</u>	<u>\$ 161</u>	<u>\$ 1,432</u>	<u>\$ —</u>	<u>\$ 2,248</u>	<u>\$ 2,971</u>

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	\$ 3,419	\$ 3,409	\$ (10)	\$ 1,796	\$ 1,752	\$ (44)
Miscellaneous	—	—	—	22	18	(4)
Total receipts	3,419	3,409	(10)	1,818	1,770	(48)
DISBURSEMENTS:						
Local assistance grants	3,419	3,414	5	1,756	1,756	—
State operations	—	—	—	4	4	—
General state charges	—	—	—	1	—	1
Capital projects	—	—	—	—	—	—
Total disbursements	3,419	3,414	5	1,761	1,760	1
Excess (deficiency) of receipts over disbursements	—	(5)	(5)	57	10	(47)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	—	—	49	37	(12)
Transfers to other funds	—	—	—	(137)	(120)	17
Net other financing sources (uses)	—	—	—	(88)	(83)	5
Deficiency of receipts and other financing sources over disbursements and other financing uses	\$ —	\$ (5)	\$ (5)	\$ (31)	\$ (73)	\$ (42)

See independent auditors' report.

State Special Revenue Account			Other		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
\$ 4	\$ —	\$ (4)	\$ 2,924	\$ 2,640	\$ (284)
3,104	3,526	422	11,257	11,110	(147)
3,108	3,526	418	14,181	13,750	(431)
2,773	2,924	(151)	10,137	9,995	142
4,938	4,952	(14)	4,619	4,268	351
1,350	1,526	(176)	379	381	(2)
1	—	1	2	11	(9)
9,062	9,402	(340)	15,137	14,655	482
(5,954)	(5,876)	78	(956)	(905)	51
9,784	6,825	(2,959)	254	33,929	33,675
(4,246)	(1,221)	3,025	57	(33,206)	(33,263)
5,538	5,604	66	311	723	412
\$ (416)	\$ (272)	\$ 144	\$ (645)	\$ (182)	\$ 463

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Variance
RECEIPTS:					
Taxes	\$ —	\$ —	\$ 8,143	\$ 7,801	\$ (342)
Miscellaneous	—	—	14,383	14,654	271
Total receipts	—	—	22,526	22,455	(71)
DISBURSEMENTS:					
Local assistance grants	—	—	18,085	18,089	(4)
State operations	—	—	9,561	9,224	337
General state charges	—	—	1,730	1,907	(177)
Capital projects	—	—	3	11	(8)
Total disbursements	—	—	29,379	29,231	148
Excess (deficiency) of receipts over disbursements	—	—	(6,853)	(6,776)	77
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	(3,006)	(32,856)	7,081	7,935	854
Transfers to other funds	3,006	32,856	(1,320)	(1,691)	(371)
Net other financing sources (uses)	—	—	5,761	6,244	483
Deficiency of receipts and other financing sources over disbursements and other financing uses	\$ —	\$ —	\$ (1,092)	\$ (532)	\$ 560

See independent auditors' report.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and payments on certain lease/purchase or other contractual obligations.

Mental Health Services Fund—to account for the payment of debt service in conjunction with agreements for financing mental hygiene facilities.

State Housing Debt Fund—to account for the repayment of State advances made to local governments and certain public authorities that are earmarked for paying the principal and interest on State housing bonds.

Department of Health Income Fund—to account for the payment of debt service in conjunction with agreements with the Dormitory Authority for financing health facilities.

Clean Water/Clean Air Fund—to account for taxes earmarked for reimbursing the General Debt Service Fund for the payment of debt service on the Clean Water/Clean Air bonds.

Local Government Assistance Tax Fund—to account for revenues that are earmarked for payment to the New York Local Government Assistance Corporation for debt service.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

March 31, 2010

(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax
ASSETS:					
Cash and investments	\$ 126	\$ —	\$ 55	\$ 1	\$ 511
Receivables, net of allowance for uncollectibles:					
Taxes	—	—	—	23	203
Other	48	16	19	—	1
Due from other funds	370	—	7	—	—
Total assets	\$ 544	\$ 16	\$ 81	\$ 24	\$ 715
LIABILITIES:					
Tax refunds payable	\$ —	\$ —	\$ —	\$ —	\$ 20
Accounts payable	—	—	—	—	1
Accrued liabilities	—	—	8	—	—
Due to other funds	—	—	—	24	169
Deferred revenues	5	17	1	—	17
Total liabilities	5	17	9	24	207
FUND BALANCES (DEFICITS):					
Reserved for debt service	89	—	22	—	507
Unreserved	450	(1)	50	—	1
Total fund balances (deficits)	539	(1)	72	—	508
Total liabilities and fund balances (deficits) ...	\$ 544	\$ 16	\$ 81	\$ 24	\$ 715

See independent auditors' report.

Totals	
2010	2009
\$ 693	\$ 693
226	180
84	85
377	74
<u>\$ 1,380</u>	<u>\$ 1,032</u>
\$ 20	\$ 21
1	3
8	5
193	144
40	36
<u>262</u>	<u>209</u>
618	590
500	233
<u>1,118</u>	<u>823</u>
<u>\$ 1,380</u>	<u>\$ 1,032</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax
REVENUES:					
Taxes:					
Consumption and use	\$ —	\$ —	\$ —	\$ —	\$ 2,626
Other	—	—	—	303	—
Patient fees	372	—	113	—	—
Miscellaneous	39	12	1	—	1
Total revenues	411	12	114	303	2,627
EXPENDITURES:					
Non-personal service	15	—	2	—	12
Debt service, including payments on financing arrangements	361	20	28	—	363
Total expenditures	376	20	30	—	375
Excess (deficiency) of revenues over expenditures ...	35	(8)	84	303	2,252
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,871	1	60	—	—
Transfers to other funds	(3,574)	—	(142)	(318)	(2,282)
Refunding debt issued	787	—	—	—	285
Payments to escrow agents for refundings	(810)	—	—	—	(297)
Swap termination	(28)	—	—	—	(19)
Premiums on bonds issued	61	—	—	—	34
Net other financing sources (uses)	307	1	(82)	(318)	(2,279)
Net change in fund balances	342	(7)	2	(15)	(27)
Fund balances at April 1, 2009	197	6	70	15	535
Fund balances (deficits) at March 31, 2010	\$ 539	\$ (1)	\$ 72	\$ —	\$ 508

See independent auditors' report.

Totals	
2010	2009
\$ 2,626	\$ 2,712
303	444
485	394
53	100
3,467	3,650
29	33
772	806
801	839
2,666	2,811
3,932	3,179
(6,316)	(6,096)
1,072	1,638
(1,107)	(1,651)
(47)	(32)
95	38
(2,371)	(2,924)
295	(113)
823	936
\$ 1,118	\$ 823

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	\$ —	\$ —	\$ —	\$ 256	\$ 294	\$ 38
Miscellaneous	352	388	36	—	—	—
Total receipts	352	388	36	256	294	38
DISBURSEMENTS:						
State operations	8	4	4	—	—	—
Debt service	359	311	48	—	—	—
Total disbursements	367	315	52	—	—	—
Excess (deficiency) of receipts over disbursements	(15)	73	88	256	294	38
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	3,675	3,570	(105)	—	—	—
Transfers to other funds	(3,653)	(3,574)	79	(256)	(294)	(38)
Net other financing sources (uses)	22	(4)	(26)	(256)	(294)	(38)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ 7	\$ 69	\$ 62	\$ —	\$ —	\$ —

See independent auditors' report.

Local Government Assistance Tax			Other		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
\$ 2,502	\$ 2,467	\$ (35)	\$ (1)	\$ —	\$ 1
1	—	(1)	454	586	132
2,503	2,467	(36)	453	586	133
12	11	1	10	11	(1)
357	333	24	118	117	1
369	344	25	128	128	—
2,134	2,123	(11)	325	458	133
—	—	—	14	(238)	(252)
(2,134)	(2,123)	11	(360)	(176)	184
(2,134)	(2,123)	11	(346)	(414)	(68)
\$ —	\$ —	\$ —	\$ (21)	\$ 44	\$ 65

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Total		
	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	\$ 2,757	\$ 2,761	\$ 4
Miscellaneous	807	974	167
Total receipts	3,564	3,735	171
DISBURSEMENTS:			
State operations	30	26	4
Debt service	834	761	73
Total disbursements	864	787	77
Excess (deficiency) of receipts over disbursements	2,700	2,948	248
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,689	3,332	(357)
Transfers to other funds	(6,403)	(6,167)	236
Net other financing sources (uses)	(2,714)	(2,835)	(121)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (14)	\$ 113	\$ 127

See independent auditors' report.

Capital Projects Funds

Capital Projects Funds are used to account for the financial resources used for the acquisition or construction of major State-owned capital facilities and for capital assistance grants to local governments and public authorities.

State Capital Projects Fund—to account for the construction or acquisition of State capital assets and the payments to local governments and public authorities for capital assistance financed primarily by transfers from the General Fund, bond funds and proceeds from various financial arrangements.

Dedicated Highway and Bridge Trust Fund—to account for taxes and fees that are earmarked for financing State, county, town, and village highway, parkway, bridge, aviation or port facility capital projects.

Environmental Protection Fund—to account for dedicated revenues that will be used to assist local governments, not-for-profit corporations, and fund State initiatives to protect the environment and protect open space.

Bond Funds—to account for the proceeds of bonds issued for capital purposes. A separate bond fund is established to account for the bond proceeds of each bond issue authorized by public referendum, including the Energy Conservation Through Improved Transportation Bond Fund, the Pure Waters Bond Fund, the Transportation Capital Facilities Bond Fund, the Environmental Quality Protection Bond Fund, the Rail Preservation and Development Bond Fund, the Rebuild and Renew New York Transportation Bond Fund, the Environmental Quality Bond Act Fund and the Clean Water/Clean Air Bond Fund.

Hazardous Waste Remedial Fund—to account for revenues earmarked for the clean-up of hazardous waste disposal sites.

Federal Capital Projects Fund—to account for capital projects financed from federal grants.

Housing Program Fund—to account for the Low Income Housing Trust Fund Program and the Affordable Home Ownership Development Program that are financed by the New York State Housing Finance Agency.

Department of Transportation (DOT) Engineering Services Fund—to account for costs of providing engineering services for capital projects administered by the Department of Transportation.

Mental Hygiene Facilities Capital Improvement Fund—to account for mental hygiene capital projects.

Correctional Facilities Capital Improvement Fund—to account for correctional facility capital projects financed by the Urban Development Corporation.

Miscellaneous—to account for various capital projects financed from the sale of land or other resources, gifts, grants or other miscellaneous revenue sources earmarked for capital purposes or from transfers from the New York State Infrastructure Trust Account.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

March 31, 2010

(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond	Environmental Quality Bond
ASSETS:							
Cash and investments	\$ 1,963	\$ 492	\$ 88	\$ 3	\$ 3	\$ 204	\$ 1
Receivables, net of allowance for uncollectibles:							
Taxes	—	61	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	159	18	1	—	—	—	—
Due from other funds	100	77	1	—	—	—	—
Other assets	—	1	—	—	—	—	—
Total assets	\$ 2,222	\$ 649	\$ 90	\$ 3	\$ 3	\$ 204	\$ 1
LIABILITIES:							
Tax refunds payable	\$ —	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	307	77	9	—	—	—	—
Accrued liabilities	16	41	—	—	—	—	—
Payable to local governments	101	3	6	—	—	—	—
Due to other funds	101	266	—	—	—	13	—
Deferred revenues	7	1	—	—	—	—	—
Total liabilities	532	406	15	—	—	13	—
FUND BALANCES (DEFICITS):							
Reserved for:							
Encumbrances	1,129	1,275	271	—	—	—	—
Other specified purposes	69	18	—	—	—	—	—
Unreserved	492	(1,050)	(196)	3	3	191	1
Total fund balances (deficits)	1,690	243	75	3	3	191	1
Total liabilities and fund balances (deficits)	\$ 2,222	\$ 649	\$ 90	\$ 3	\$ 3	\$ 204	\$ 1

See independent auditors' report.

Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program	DOT Engineering Services	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Eliminations	Totals	
									2010	2009
\$ —	\$ —	\$ 32	\$ —	\$ —	\$ 76	\$ 122	\$ 204	\$ —	\$ 3,188	\$ 1,958
—	—	—	—	—	—	—	—	—	61	67
—	226	—	—	—	—	—	—	—	226	451
6	—	—	—	—	—	—	—	—	184	203
—	170	—	—	—	—	—	4	(189)	163	85
—	—	—	—	7	—	—	—	—	8	7
<u>\$ 6</u>	<u>\$ 396</u>	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ 76</u>	<u>\$ 122</u>	<u>\$ 208</u>	<u>\$ (189)</u>	<u>\$ 3,830</u>	<u>\$ 2,771</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18	\$ 20
7	96	—	8	2	6	30	13	—	555	381
2	1	—	—	—	6	—	—	—	66	85
—	98	—	—	—	6	—	1	—	215	187
29	201	—	140	28	1	17	4	(189)	611	778
4	—	—	—	—	—	—	—	—	12	28
<u>42</u>	<u>396</u>	<u>—</u>	<u>148</u>	<u>30</u>	<u>19</u>	<u>47</u>	<u>18</u>	<u>(189)</u>	<u>1,477</u>	<u>1,479</u>
151	4,040	—	3	28	392	210	46	—	7,545	5,950
—	—	—	—	—	—	—	—	—	87	140
(187)	(4,040)	32	(151)	(51)	(335)	(135)	144	—	(5,279)	(4,798)
<u>(36)</u>	<u>—</u>	<u>32</u>	<u>(148)</u>	<u>(23)</u>	<u>57</u>	<u>75</u>	<u>190</u>	<u>—</u>	<u>2,353</u>	<u>1,292</u>
<u>\$ 6</u>	<u>\$ 396</u>	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ 76</u>	<u>\$ 122</u>	<u>\$ 208</u>	<u>\$ (189)</u>	<u>\$ 3,830</u>	<u>\$ 2,771</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond	Environmental Quality Bond
REVENUES:							
Taxes:							
Consumption and use	\$ —	\$ 589	\$ —	\$ —	\$ —	\$ —	\$ —
Business	—	634	—	—	—	—	—
Other	—	—	199	—	—	—	—
Federal grants	—	—	—	—	—	—	—
Miscellaneous	—	824	10	—	—	—	—
Total revenues	—	2,047	209	—	—	—	—
EXPENDITURES:							
Local assistance grants:							
Social services	—	—	—	—	—	—	—
Education	325	—	—	—	—	—	—
Mental hygiene	13	—	—	—	—	—	—
Health and environment	195	—	—	—	—	—	—
Transportation	197	45	—	—	—	—	—
Miscellaneous	403	—	42	—	—	—	—
Capital construction	1,057	1,951	101	—	—	2	—
Total expenditures	2,190	1,996	143	—	—	2	—
Excess (deficiency) of revenues over expenditures	(2,190)	51	66	—	—	(2)	—
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	754	609	—	—	—	—	—
Transfers to other funds	(84)	(1,034)	(107)	—	—	(393)	(16)
General obligation bonds issued	—	—	—	—	1	399	1
Financing arrangements issued	1,885	877	62	—	—	—	—
Premiums on bonds issued	84	42	—	—	—	2	—
Net other financing sources (uses)	2,639	494	(45)	—	1	8	(15)
Net change in fund balances	449	545	21	—	1	6	(15)
Fund balances (deficits) at April 1, 2009	1,241	(302)	54	3	2	185	16
Fund balances (deficits) at March 31, 2010	\$ 1,690	\$ 243	\$ 75	\$ 3	\$ 3	\$ 191	\$ 1

See independent auditors' report.

Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program	DOT Engineering Services	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Eliminations	Totals	
									2010	2009
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 589	\$ 587
—	—	—	—	—	—	—	—	—	634	627
—	—	—	—	—	—	—	—	—	199	237
—	1,836	—	—	—	—	—	—	—	1,836	1,896
29	1	—	103	—	2	—	38	—	1,007	934
<u>29</u>	<u>1,837</u>	<u>—</u>	<u>103</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>38</u>	<u>—</u>	<u>4,265</u>	<u>4,281</u>
—	—	—	—	—	—	—	1	—	1	1
—	—	—	—	—	—	—	—	—	325	634
—	—	—	—	—	90	—	—	—	103	132
1	188	—	—	—	—	—	—	—	384	313
—	407	—	—	—	—	—	2	—	651	635
1	—	—	92	—	—	—	139	—	677	585
119	1,185	—	39	7	157	306	105	—	5,029	5,127
<u>121</u>	<u>1,780</u>	<u>—</u>	<u>131</u>	<u>7</u>	<u>247</u>	<u>306</u>	<u>247</u>	<u>—</u>	<u>7,170</u>	<u>7,427</u>
<u>(92)</u>	<u>57</u>	<u>—</u>	<u>(28)</u>	<u>(7)</u>	<u>(245)</u>	<u>(306)</u>	<u>(209)</u>	<u>—</u>	<u>(2,905)</u>	<u>(3,146)</u>
14	—	—	1	11	—	—	—	(727)	662	638
(48)	(236)	(40)	—	—	—	—	(5)	727	(1,236)	(1,331)
—	—	46	—	—	—	—	2	—	449	455
64	—	—	—	—	435	262	338	—	3,923	3,321
—	—	1	—	—	13	21	5	—	168	107
<u>30</u>	<u>(236)</u>	<u>7</u>	<u>1</u>	<u>11</u>	<u>448</u>	<u>283</u>	<u>340</u>	<u>—</u>	<u>3,966</u>	<u>3,190</u>
<u>(62)</u>	<u>(179)</u>	<u>7</u>	<u>(27)</u>	<u>4</u>	<u>203</u>	<u>(23)</u>	<u>131</u>	<u>—</u>	<u>1,061</u>	<u>44</u>
<u>26</u>	<u>179</u>	<u>25</u>	<u>(121)</u>	<u>(27)</u>	<u>(146)</u>	<u>98</u>	<u>59</u>	<u>—</u>	<u>1,292</u>	<u>1,248</u>
<u>\$ (36)</u>	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ (148)</u>	<u>\$ (23)</u>	<u>\$ 57</u>	<u>\$ 75</u>	<u>\$ 190</u>	<u>\$ —</u>	<u>\$ 2,353</u>	<u>\$ 1,292</u>

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	State Capital Projects			Dedicated Highway and Bridge Trust		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	\$ —	\$ —	\$ —	\$ 1,848	\$ 1,222	\$ (626)
Miscellaneous	1,781	1,679	(102)	685	1,262	577
Federal grants	—	—	—	—	—	—
Total receipts	1,781	1,679	(102)	2,533	2,484	(49)
DISBURSEMENTS:						
Local assistance grants	438	623	(185)	35	33	2
Capital projects	2,020	1,756	264	2,138	2,000	138
Total disbursements	2,458	2,379	79	2,173	2,033	140
Excess (deficiency) of receipts over disbursements	(677)	(700)	(23)	360	451	91
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	714	733	19	688	609	(79)
Transfers to other funds	(37)	(33)	4	(1,043)	(1,034)	9
Net other financing sources (uses)	677	700	23	(355)	(425)	(70)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ —	\$ —	\$ —	\$ 5	\$ 26	\$ 21

See independent auditors' report.

Federal Capital Projects			Department of Transportation Engineering Services		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	1	1	—	—	—
2,544	2,061	(483)	—	—	—
2,544	2,062	(482)	—	—	—
589	560	29	—	—	—
1,633	1,167	466	5	9	(4)
2,222	1,727	495	5	9	(4)
322	335	13	(5)	(9)	(4)
—	—	—	—	—	—
—	—	—	5	11	6
(309)	(235)	74	—	—	—
(309)	(235)	74	5	11	6
\$ 13	\$ 100	\$ 87	\$ —	\$ 2	\$ 2

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2010

(Amounts in millions)

	Other			Eliminations	
	Financial Plan	Actual	Variance	Financial Plan	Actual
RECEIPTS:					
Taxes	\$ 199	\$ 199	\$ —	\$ —	\$ —
Miscellaneous	993	941	(52)	—	—
Federal grants	—	—	—	—	—
Total receipts	1,192	1,140	(52)	—	—
DISBURSEMENTS:					
Local assistance grants	181	225	(44)	—	—
Capital projects	935	739	196	—	—
Total disbursements	1,116	964	152	—	—
Excess (deficiency) of receipts over disbursements	76	176	100	—	—
OTHER FINANCING SOURCES (USES):					
Bond and note proceeds, net	469	448	(21)	—	—
Transfers from other funds	61	93	32	(805)	(709)
Transfers to other funds	(627)	(591)	36	805	709
Net other financing sources (uses)	(97)	(50)	47	—	—
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (21)	\$ 126	\$ 147	\$ —	\$ —

See independent auditors' report.

Total

Financial Plan	Actual	Variance
\$ 2,047	\$ 1,421	\$ (626)
3,459	3,883	424
2,544	2,061	(483)
8,050	7,365	(685)
1,243	1,441	(198)
6,731	5,671	1,060
7,974	7,112	862
76	253	177
469	448	(21)
663	737	74
(1,211)	(1,184)	27
(79)	1	80
\$ (3)	\$ 254	\$ 257



Fiduciary Funds

Fiduciary Funds are used to account for assets held by the State in a fiduciary capacity or as agent for individuals, private organizations or other governments and include Private Purpose Trust Funds, the State and Local Retirement System Fund and Agency Funds.

Private Purpose Trust Funds:

Agriculture and Milk Producers' Security Funds—to provide security to agriculture and milk producers against loss of revenues.

Abandoned Property Fund—accounts for assets from banks, utilities, investment companies, and insurance companies representing inactive accounts that are required by law to be turned over to the State. The Comptroller is custodian of this account. Assets are returned to the proper owner upon approval of a claim.

Tuition Savings Program Fund—accounts for contributions made by individuals and families for college savings. The withdrawals from the Fund are used to pay college costs at any eligible public and private college and university in New York State.

Agency Funds:

Employee Benefit and Payroll Related Funds—accounts for various employee benefit programs, such as the New York State employee health insurance programs, for the disposition of various payroll related deductions, such as for social security contributions.

MMIS Statewide Escrow Fund—accounts for the transfer from other funds of the Federal, State, and local shares of Medicaid program expenditures to a paying agent for ultimate payment to health care providers.

Other Agency Funds—account for various escrow, revenue collection and agency accounts for which the State acts in an agent's capacity until proper disposition of the assets can be made. This includes accounting for advances from the State for paying CUNY operating costs.

Combining Statement of Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2010

(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	Totals	
					2010	2009
ASSETS:						
Cash and investments	\$ 2	\$ 8	\$ 400	\$ 9,067	\$ 9,477	\$ 7,244
Receivables, net of allowance for uncollectibles	—	—	121	37	158	138
Due from other funds	—	—	814	—	814	942
Total assets	2	8	1,335	9,104	10,449	8,324
LIABILITIES:						
Accrued liabilities	—	—	1,335	38	1,373	1,306
Total liabilities	—	—	1,335	38	1,373	1,306
NET ASSETS:						
Reserved for other specified purposes	2	8	—	9,066	9,076	7,018
Total net assets	\$ 2	\$ 8	\$ —	\$ 9,066	\$ 9,076	\$ 7,018

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2010

(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	Totals	
					2010	2009
Additions:						
Investment income	\$ —	\$ —	\$ —	\$ 6	\$ 6	\$ —
Dividend income	—	—	—	211	211	237
Other income	—	1	—	—	1	—
Net increase in the fair value of investments	—	—	—	1,137	1,137	(2,060)
Total investment and other losses	—	1	—	1,354	1,355	(1,823)
Less:						
Investment expenses	—	—	—	(39)	(39)	(42)
Net investment and other losses	—	1	—	1,315	1,316	(1,865)
Contributions:						
College savings	—	—	—	2,700	2,700	2,751
Total contributions	—	—	—	2,700	2,700	2,751
Net transfers from General Fund	—	—	220	—	220	210
Total additions	—	1	220	4,015	4,236	1,096
Deductions:						
College aid redemptions	—	—	—	1,957	1,957	1,790
Claims paid	—	—	220	—	220	237
Miscellaneous	1	—	—	—	1	—
Total deductions	1	—	220	1,957	2,178	2,027
Net increase (decrease)	(1)	1	—	2,058	2,058	(931)
Net assets held in trust at April 1, 2009	3	7	—	7,008	7,018	7,949
Net assets held in trust at March 31, 2010	\$ 2	\$ 8	\$ —	\$ 9,066	\$ 9,076	\$ 7,018

See independent auditors' report.

Combining Statement of Fiduciary Net Assets

AGENCY FUNDS

March 31, 2010

(Amounts in millions)

	School Capital Facilities Financing Reserve	Employees Health Insurance	Social Security Contribution	NYS Employee Payroll Withholding	Employees Dental Insurance
ASSETS:					
Cash and investments	\$ 34	\$ 520	\$ 1	\$ 33	\$ 2
Receivables, net of allowance for uncollectibles	—	21	—	—	6
Due from other funds	—	—	—	—	—
Other assets	—	37	—	—	—
Total assets	\$ 34	\$ 578	\$ 1	\$ 33	\$ 8
LIABILITIES:					
Accounts payable	\$ —	\$ 2	\$ —	\$ —	\$ —
Accrued liabilities	34	125	1	33	1
Payable to local governments	—	451	—	—	7
Due to other funds	—	—	—	—	—
Total liabilities	\$ 34	\$ 578	\$ 1	\$ 33	\$ 8

See independent auditors' report.

Management Confidential Group Insurance	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Totals	
					2010	2009
\$ 1	\$ 18	\$ 294	\$ 1,682	\$ 591	\$ 3,176	\$ 2,888
—	1	—	22	28	78	117
—	—	—	—	—	—	313
—	—	—	—	—	37	267
<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 294</u>	<u>\$ 1,704</u>	<u>\$ 619</u>	<u>\$ 3,291</u>	<u>\$ 3,585</u>
\$ —	\$ 9	\$ —	\$ —	\$ 13	\$ 24	\$ 20
1	10	182	575	577	1,539	1,876
—	—	112	1,129	29	1,728	1,666
—	—	—	—	—	—	23
<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 294</u>	<u>\$ 1,704</u>	<u>\$ 619</u>	<u>\$ 3,291</u>	<u>\$ 3,585</u>

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

March 31, 2010

(Amounts in millions)

	Balance April 1, 2009	Additions	Deductions	Balance March 31, 2010
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	\$ 38	\$ 22	\$ 26	\$ 34
Due from other funds	—	8	8	—
Total assets	\$ 38	\$ 30	\$ 34	\$ 34
LIABILITIES:				
Accounts payable	\$ —	\$ 26	\$ 26	\$ —
Accrued liabilities	38	10	14	34
Total liabilities	\$ 38	\$ 36	\$ 40	\$ 34
Employees Health Insurance				
ASSETS:				
Cash and investments	\$ 386	\$ 6,876	\$ 6,742	\$ 520
Receivables, net of allowance for uncollectibles	79	21	79	21
Due from other funds	13	97	110	—
Other assets	267	37	267	37
Total assets	\$ 745	\$ 7,031	\$ 7,198	\$ 578
LIABILITIES:				
Accounts payable	\$ —	\$ 6,395	\$ 6,393	\$ 2
Accrued liabilities	130	7,572	7,577	125
Payable to local governments	613	451	613	451
Due to other funds	2	91	93	—
Total liabilities	\$ 745	\$ 14,509	\$ 14,676	\$ 578
Social Security Contribution				
ASSETS:				
Cash and investments	\$ 27	\$ 1,118	\$ 1,144	\$ 1
Total assets	\$ 27	\$ 1,118	\$ 1,144	\$ 1
LIABILITIES:				
Accounts payable	\$ —	\$ 1,143	\$ 1,143	\$ —
Accrued liabilities	27	1,161	1,187	1
Total liabilities	\$ 27	\$ 2,304	\$ 2,330	\$ 1

(Continued)

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2010

(Amounts in millions)

	Balance April 1, 2009	Additions	Deductions	Balance March 31, 2010
NYS Employee Payroll Withholding				
ASSETS:				
Cash and investments	\$ 104	\$ 4,185	\$ 4,256	\$ 33
Total assets	\$ 104	\$ 4,185	\$ 4,256	\$ 33
LIABILITIES:				
Accounts payable	\$ —	\$ 3,381	\$ 3,381	\$ —
Accrued liabilities	104	4,270	4,341	33
Due to other funds	—	34	34	—
Total liabilities	\$ 104	\$ 7,685	\$ 7,756	\$ 33
Employees Dental Insurance				
ASSETS:				
Cash and investments	\$ —	\$ 94	\$ 92	\$ 2
Receivables, net of allowance for uncollectibles	6	6	6	6
Due from other funds	3	8	11	—
Total assets	\$ 9	\$ 108	\$ 109	\$ 8
LIABILITIES:				
Accounts payable	\$ —	\$ 83	\$ 83	\$ —
Accrued liabilities	—	98	97	1
Payable to local governments	9	7	9	7
Total liabilities	\$ 9	\$ 188	\$ 189	\$ 8
Management Confidential Group Insurance				
ASSETS:				
Cash and investments	\$ 1	\$ 8	\$ 8	\$ 1
Due from other funds	—	1	1	—
Total assets	\$ 1	\$ 9	\$ 9	\$ 1
LIABILITIES:				
Accounts payable	\$ —	\$ 8	\$ 8	\$ —
Accrued liabilities	1	8	8	1
Total liabilities	\$ 1	\$ 16	\$ 16	\$ 1

(Continued)

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2010

(Amounts in millions)

	Balance April 1, 2009	Additions	Deductions	Balance March 31, 2010
CUNY Senior College Operating				
ASSETS:				
Cash and investments	\$ 57	\$ 1,641	\$ 1,680	\$ 18
Receivables, net of allowance for uncollectibles	—	1	—	1
Due from other funds	—	70	70	—
Total assets	\$ 57	\$ 1,712	\$ 1,750	\$ 19
LIABILITIES:				
Accounts payable	\$ 12	\$ 1,606	\$ 1,609	\$ 9
Accrued liabilities	45	1,787	1,822	10
Due to other funds	—	47	47	—
Total liabilities	\$ 57	\$ 3,440	\$ 3,478	\$ 19
MMIS Statewide Escrow				
ASSETS:				
Cash and investments	\$ 165	\$ 131,785	\$ 131,656	\$ 294
Due from other funds	255	668	923	—
Total assets	\$ 420	\$ 132,453	\$ 132,579	\$ 294
LIABILITIES:				
Accounts payable	\$ —	\$ 42,403	\$ 42,403	\$ —
Accrued liabilities	395	299,978	300,191	182
Payable to local governments	4	1,791	1,683	112
Due to other funds	21	76	97	—
Total liabilities	\$ 420	\$ 344,248	\$ 344,374	\$ 294
Sole Custody				
ASSETS:				
Cash and investments	\$ 1,509	\$ 1,682	\$ 1,509	\$ 1,682
Receivables, net of allowance for uncollectibles	10	22	10	22
Due from other funds	7	—	7	—
Total assets	\$ 1,526	\$ 1,704	\$ 1,526	\$ 1,704
LIABILITIES:				
Accrued liabilities	\$ 507	\$ 575	\$ 507	\$ 575
Payable to local governments	1,019	1,129	1,019	1,129
Total liabilities	\$ 1,526	\$ 1,704	\$ 1,526	\$ 1,704

(Continued)

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2010

(Amounts in millions)

	Balance April 1, 2009	Additions	Deductions	Balance March 31, 2010
Miscellaneous				
ASSETS:				
Cash and investments	\$ 601	\$ 4,098	\$ 4,108	\$ 591
Receivables, net of allowance for uncollectibles	22	28	22	28
Due from other funds	35	566	601	—
Total assets	\$ 658	\$ 4,692	\$ 4,731	\$ 619
LIABILITIES:				
Accounts payable	\$ 8	\$ 652	\$ 647	\$ 13
Accrued liabilities	629	2,891	2,943	577
Payable to local governments	21	32	24	29
Due to other funds	—	729	729	—
Total liabilities	\$ 658	\$ 4,304	\$ 4,343	\$ 619

Total Assets and Liabilities—All Agency Funds

ASSETS:				
Cash and investments	\$ 2,888	\$ 151,509	\$ 151,221	\$ 3,176
Receivables, net of allowance for uncollectibles	117	78	117	78
Due from other funds	313	1,417	1,730	—
Other assets	267	37	267	37
Total assets	\$ 3,585	\$ 153,041	\$ 153,335	\$ 3,291
LIABILITIES:				
Accounts payable	\$ 20	\$ 55,697	\$ 55,693	\$ 24
Accrued liabilities	1,876	318,350	318,687	1,539
Payable to local governments	1,666	3,410	3,348	1,728
Due to other funds	23	977	1,000	—
Total liabilities	\$ 3,585	\$ 378,434	\$ 378,728	\$ 3,291

See independent auditors' report.



Non-Major Component Units

The non-major component units listed are significant separate legal entities that are discretely presented in the State's financial statements. The inclusion of component units in the State's financial statements reflects the State's financial accountability for these entities.

Capital District Transportation Authority—promotes the continuance, further development and improvement of transportation and related services within the Capital District Transportation District by railroad, omnibus, marine and air.

Health Research Incorporated—administers gifts and grants in keeping with the research, prevention and treatment purposes of the New York State Department of Health and the Roswell Park Cancer Institute Corporation.

Hugh L. Carey Battery Park City Authority—engages in the improvement of the Battery Park City Project Area (a 92-acre site on the lower west side of Manhattan); the creation in the area of a mixed commercial and residential community; and the making of loans secured by first mortgages to housing companies organized to provide housing within the project area.

Municipal Bond Bank Agency—provides access to the capital markets for special programs and purposes that benefit the State of New York and its municipalities.

New York State Energy Research and Development Authority—conducts and finances a multifaceted energy and environmental research and development program; promotes energy efficiency measures; manages the Western New York Nuclear Service Center at West Valley; and coordinates the State's activities on nuclear energy matters.

New York State Higher Education Services Corporation—administers the State's Guaranteed Student Loan Programs.

Niagara Frontier Transportation Authority—promotes the development and improvement of transportation and related services within the Niagara Frontier Transportation District, and operates a number of transportation related business centers including aviation, surface transportation and property management.

Roswell Park Cancer Institute Corporation—as a public hospital and medical research center, provides total care to cancer patients, conducts research into the causes, treatment and prevention of cancer, and educates those who treat and study cancer.

SUNY Foundations—include campus-related foundations and student housing corporations reported as an aggregate discretely presented component unit in the State University of New York financial statements. The campus-related foundations are responsible for the fiscal administration of revenues and support received for the promotion, development and advancement of the welfare of the campuses. The student housing corporations operate and administer certain housing and related services for students.

CUNY Foundations—include fourteen campus-related foundations reported as discretely presented component units in the City University of New York Senior Colleges' financial statements. These foundations support both academic and general needs of the colleges and their students.

Miscellaneous—aggregation of 25 other non-major component units listed in Note 14.

Combining Statement of Net Assets (Deficits)

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

March 31, 2010

(Amounts in millions)

	Capital District Transportation Authority	Health Research Incorporated	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research and Development Authority	NYS Higher Education Services Corporation
ASSETS:						
Cash and investments	\$ 29	\$ 268	\$ 637	\$ 31	\$ 754	\$ 132
Receivables, net of allowances for uncollectibles:						
Loans, leases, and notes	—	—	13	465	—	—
Other	14	51	4	10	27	31
Other assets	4	—	46	—	—	6
Intangible assets	—	—	—	—	—	—
Capital assets:						
Construction in progress	—	—	—	—	—	—
Land and buildings, net of depreciation	108	2	461	—	16	—
Total assets	155	321	1,161	506	797	169
LIABILITIES:						
Accounts payable	5	47	3	—	29	19
Accrued liabilities	13	20	133	11	61	—
Pension contributions payable	—	—	—	—	—	—
Deferred revenues	1	—	39	—	3	—
Bonds payable	—	—	18	28	—	—
Current portion of other long-term liabilities	—	—	—	—	3	—
Due in more than one year:						
Accrued liabilities	—	4	20	27	—	10
Pension contributions payable	—	—	—	—	—	—
Other postemployment benefits	12	73	16	—	—	—
Deferred revenues	—	156	191	—	—	—
Notes payable	—	—	—	—	—	—
Bonds payable	—	—	997	456	—	—
Other long-term liabilities	—	—	—	—	4	5
Total liabilities	31	300	1,417	522	100	34
NET ASSETS (DEFICITS):						
Invested in capital assets, net of related debt	108	—	9	—	14	—
Restricted for:						
Debt service	—	—	60	—	—	—
Other specified purposes	—	—	319	—	682	135
Unrestricted (deficit)	16	21	(644)	(16)	1	—
Total net assets (deficits)	\$ 124	\$ 21	\$ (256)	\$ (16)	\$ 697	\$ 135

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Totals	
					2010	2009
\$ 71	\$ 309	\$ 1,055	\$ 339	\$ 1,185	\$ 4,810	\$ 4,584
—	—	—	—	57	535	105
31	66	164	122	141	661	532
9	18	37	10	29	159	165
—	—	—	—	—	—	4
42	28	22	—	32	124	121
697	296	339	8	426	2,353	2,273
850	717	1,617	479	1,870	8,642	7,784
—	—	—	—	34	137	121
38	79	118	7	496	976	862
—	—	—	—	2	2	—
3	—	1	—	65	112	91
13	11	8	—	12	90	52
4	—	—	—	11	18	22
—	—	—	—	23	84	75
—	—	—	—	44	44	—
46	140	—	—	403	690	505
4	—	—	—	1	352	363
—	—	—	—	2	2	2
148	243	268	—	76	2,188	1,581
72	—	—	—	42	123	104
328	473	395	7	1,211	4,818	3,778
534	91	112	—	391	1,259	1,217
—	—	—	—	8	68	103
55	91	966	450	154	2,852	2,599
(67)	62	144	22	106	(355)	87
\$ 522	\$ 244	\$ 1,222	\$ 472	\$ 659	\$ 3,824	\$ 4,006

Combining Statement of Activities

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

Year Ended March 31, 2010

(Amounts in millions)

	Capital District Transportation Authority	Health Research Incorporated	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research and Development Authority	NYS Higher Education Services Corporation
Expenses:						
Program operations	\$ 82	\$ 566	\$ 144	\$ 2	\$ 398	\$ 888
Interest on long-term debt	—	—	24	23	—	—
Other interest	—	—	—	—	—	—
Depreciation and amortization	12	—	9	—	2	—
Other expenses	—	59	—	—	98	1
Total expenses	94	625	177	25	498	889
Program revenues:						
Charges for services	16	3	224	25	13	892
Operating grants and contributions	48	610	—	—	84	—
Capital grants and contributions	11	—	—	—	—	—
Total program revenues	75	613	224	25	97	892
Net program revenue (expenses)	(19)	(12)	47	—	(401)	3
General revenues:						
Non-State grants and contributions not restricted to specific programs	12	—	—	—	—	—
Investment earnings:						
Restricted	—	—	—	1	—	—
Unrestricted	1	10	—	—	1	—
Miscellaneous	3	—	—	—	484	—
Total general revenues	16	10	—	1	485	—
Change in net assets	(3)	(2)	47	1	84	3
Net assets (deficits)—beginning of year, as restated	127	23	(303)	(17)	613	132
Net assets (deficits)—end of year	\$ 124	\$ 21	\$ (256)	\$ (16)	\$ 697	\$ 135

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Totals	
					2010	2009
\$ 182	\$ 409	\$ 138	\$ 54	\$ 2,715	\$ 5,578	\$ 4,945
—	11	13	—	4	75	52
9	—	—	—	—	9	10
53	32	13	—	40	161	153
9	15	229	68	14	493	224
253	467	393	122	2,773	6,316	5,384
61	326	109	—	739	2,408	2,046
44	87	415	82	1,818	3,188	2,873
39	—	—	—	30	80	68
144	413	524	82	2,587	5,676	4,987
(109)	(54)	131	(40)	(186)	(640)	(397)
46	32	—	—	38	128	135
—	9	8	—	26	44	46
—	—	4	—	18	34	50
42	29	4	3	31	596	499
88	70	16	3	113	802	730
(21)	16	147	(37)	(73)	162	333
543	228	1,075	509	732	3,662	3,673
\$ 522	\$ 244	\$ 1,222	\$ 472	\$ 659	\$ 3,824	\$ 4,006



Statistical Section

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue source, the personal income tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The State implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Changes in Fund Balances

GOVERNMENTAL FUNDS LAST EIGHT FISCAL YEARS

(Modified accrual basis of accounting)

(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
REVENUES:					
Taxes:					
Personal income	\$ 21,967	\$ 25,150	\$ 28,382	\$ 31,695	\$ 34,615
Consumption and use	10,753	11,852	13,005	13,101	12,734
Business	5,049	4,879	5,699	6,929	8,488
Other	1,212	1,210	1,821	1,898	2,024
Federal grants	35,312	38,241	37,480	36,625	38,163
Public health/patient fees	3,325	3,439	3,449	3,149	3,810
Tobacco settlement	745	324	774	514	528
Miscellaneous	6,336	6,978	7,981	13,582	9,558
Total revenues	84,699	92,073	98,591	107,493	109,920
EXPENDITURES:					
Local assistance grants:					
Social services	36,220	38,616	38,711	40,062	42,794
Education	21,282	23,323	24,205	25,459	27,711
Mental hygiene	1,331	1,384	1,336	1,422	1,537
General purpose	847	869	1,016	1,047	1,192
Health and environment	3,052	3,395	3,490	4,221	4,527
Transportation	3,370	2,437	2,510	3,097	2,984
Criminal justice	300	519	370	337	461
Miscellaneous	2,488	2,708	2,459	1,471	2,555
State operations:					
Personal service	8,036	7,785	8,050	8,405	8,780
Non-personal service	5,404	5,340	5,189	6,208	5,751
Pension contributions	177	475	691	964	1,078
Other fringe benefits	2,308	2,792	3,147	3,257	3,314
Capital construction	3,362	3,608	3,599	4,048	4,404
Debt service, including payments on financing arrangements:					
Principal—(General Obligation)	390	349	331	341	352
Interest—(General Obligation)	182	160	153	146	146
Other	2,398	2,931	2,996	3,528	3,094
Total expenditures	91,147	96,691	98,253	104,013	110,680
Excess (deficiency) of revenues over expenditures	(6,448)	(4,618)	338	3,480	(760)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,238	2,628	2,947	2,295	2,707
Transfers to other funds	(3,637)	(3,182)	(3,560)	(3,914)	(5,202)
General obligation bonds issued	246	147	178	159	180
Financing arrangements issued	3,192	8,249	2,176	1,824	3,019
Refunding debt issued	6,586	4,456	2,168	3,205	543
Payments to escrow agents for refundings	(6,481)	(4,443)	(2,137)	(3,201)	(535)
Swap termination	—	—	—	—	—
Premiums on bonds issued	—	—	—	1	3
Net other financing sources (uses)	2,144	7,855	1,772	369	715
Net change in fund balances	\$ (4,304)	\$ 3,237	\$ 2,110	\$ 3,849	\$ (45)
Debt service (principal and interest) as a percentage of non-capital expenditures	0.66%	0.55%	0.52%	0.49%	0.47%

Source: Office of the State Comptroller

Note: Figures restated for prior period adjustments.

Fiscal Year

2008	2009	2010
\$ 38,792	\$ 33,096	\$ 34,536
13,101	13,131	13,069
8,163	7,711	7,547
2,292	1,769	2,753
37,802	41,637	51,407
3,900	3,734	4,296
580	594	491
9,410	9,044	11,780
114,040	110,716	125,879
42,689	44,741	52,341
30,208	31,047	31,097
1,859	1,998	1,912
928	1,220	1,251
4,423	4,592	4,250
3,634	4,109	5,123
493	516	624
3,142	2,901	2,068
9,230	9,819	9,733
6,178	5,694	5,826
1,117	973	874
3,500	3,840	3,893
4,467	5,127	5,029
350	353	355
139	127	123
3,589	3,622	4,067
115,946	120,679	128,566
(1,906)	(9,963)	(2,687)
2,709	2,761	2,959
(4,810)	(5,072)	(5,158)
268	455	449
3,237	3,689	4,354
2,280	3,874	2,200
(2,383)	(3,926)	(2,278)
—	(32)	(94)
245	215	378
1,546	1,964	2,810
\$ (360)	\$ (7,999)	\$ 123
0.44%	0.42%	0.39%

Net Assets by Component

LAST EIGHT FISCAL YEARS

(Accrual basis of accounting)

(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 60,823	\$ 60,441	\$ 61,375	\$ 62,071	\$ 62,500
Restricted for:					
Debt service	2,278	2,454	2,821	2,270	2,210
Other specified purposes	141	240	374	2,566	2,313
Unrestricted (deficit)	(20,846)	(24,049)	(23,380)	(20,910)	(21,696)
Total governmental activities net assets	\$ 42,396	\$ 39,086	\$ 41,190	\$ 45,997	\$ 45,327
Business-type activities:					
Invested in capital assets, net of related debt	\$ (520)	\$ 23	\$ 63	\$ 9	\$ 207
Restricted for:					
Unemployment benefits	659	372	596	1,130	1,308
Other specified purposes	1,492	1,224	1,255	1,387	1,448
Unrestricted	869	469	731	610	636
Total business-type activities net assets	\$ 2,500	\$ 2,088	\$ 2,645	\$ 3,136	\$ 3,599
Primary government:					
Invested in capital assets, net of related debt	\$ 60,303	\$ 60,464	\$ 61,438	\$ 62,080	\$ 62,707
Restricted for:					
Unemployment benefits	659	372	596	1,130	1,308
Debt service	2,278	2,454	2,821	2,270	2,210
Other specified purposes	1,633	1,464	1,629	3,953	3,761
Unrestricted (deficit)	(19,977)	(23,580)	(22,649)	(20,300)	(21,060)
Total primary government net assets	\$ 44,896	\$ 41,174	\$ 43,835	\$ 49,133	\$ 48,926

Source: Office of the State Comptroller

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 62,800	\$ 63,476	\$ 63,797
2,304	2,321	2,277
1,231	517	387
(22,825)	(35,420)	(38,485)
<u>\$ 43,510</u>	<u>\$ 30,894</u>	<u>\$ 27,976</u>
\$ 353	\$ 569	\$ 468
1,313	351	—
1,744	1,691	1,100
807	420	(1,452)
<u>\$ 4,217</u>	<u>\$ 3,031</u>	<u>\$ 116</u>
\$ 63,153	\$ 64,045	\$ 64,265
1,313	351	—
2,304	2,321	2,277
2,975	2,208	1,487
(22,018)	(35,000)	(39,937)
<u>\$ 47,727</u>	<u>\$ 33,925</u>	<u>\$ 28,092</u>

Changes in Net Assets

LAST EIGHT FISCAL YEARS

(Accrual basis of accounting)

(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
EXPENSES:					
Governmental activities:					
Education	\$ 21,215	\$ 22,845	\$ 24,023	\$ 25,303	\$ 28,222
Public health	35,427	38,013	39,540	41,631	44,869
Public welfare	11,230	11,642	10,697	10,669	11,291
Public safety	4,948	5,961	5,597	5,001	5,521
Transportation	6,043	4,740	4,614	5,836	5,893
Environment and recreation	1,163	1,259	1,324	1,193	1,226
Support and regulate business	873	1,250	927	1,507	1,062
General government	6,467	7,041	6,937	8,280	8,684
Interest on long-term debt	1,206	1,851	1,684	1,712	1,478
Total governmental activities expenses	88,572	94,602	95,343	101,132	108,246
Business-type activities:					
Lottery	3,717	3,993	4,298	4,721	4,945
Unemployment insurance	4,590	3,877	2,638	2,507	2,344
State University of New York	5,484	5,732	6,138	6,396	7,003
City University of New York	1,852	1,953	1,903	2,056	2,246
Total business-type activities expenses	15,643	15,555	14,977	15,680	16,538
Total primary government expenses	\$ 104,215	\$ 110,157	\$ 110,320	\$ 116,812	\$ 124,784
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
Education	\$ 144	\$ 158	\$ 125	\$ 123	\$ 95
Public health	3,350	3,305	3,437	8,273	5,141
Public welfare	561	708	313	702	385
Public safety	222	158	193	198	185
Transportation	858	1,018	914	974	1,069
Environment and recreation	286	321	246	227	258
Support and regulate business	443	398	247	276	487
General government	670	1,627	2,122	1,724	1,050
Operating grants and contributions	34,383	36,526	36,020	35,333	36,752
Capital grants and contributions	1,158	1,047	1,423	1,277	1,392
Total governmental activities program revenues	42,075	45,266	45,040	49,107	46,814
Business-type activities:					
Charges for services:					
Lottery	5,396	5,848	6,271	6,803	7,175
State University of New York	2,243	2,152	2,726	2,700	2,948
City University of New York	330	373	437	463	484
Operating grants and contributions	5,551	5,389	4,762	4,736	4,504
Capital grants and contributions	8	116	15	80	73
Total business-type activities program revenues	13,528	13,878	14,211	14,782	15,184
Total primary government program revenues	\$ 55,603	\$ 59,144	\$ 59,251	\$ 63,889	\$ 61,998
NET (EXPENSE)/REVENUE:					
Governmental activities	\$ (47,152)	\$ (50,036)	\$ (51,008)	\$ (52,783)	\$ (62,266)
Business-type activities	(1,781)	(1,551)	(525)	(590)	(1,058)
Total primary government net expense	\$ (48,933)	\$ (51,587)	\$ (51,533)	\$ (53,373)	\$ (63,324)

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 31,215	\$ 32,184	\$ 31,075
44,777	47,233	51,499
12,491	13,824	16,226
6,011	6,066	5,641
6,595	7,164	8,112
1,275	1,276	1,338
1,288	1,911	1,713
7,841	9,457	9,234
1,862	1,752	1,839
113,355	120,867	126,677
5,044	5,235	5,221
2,412	4,562	10,267
7,965	8,379	9,509
2,443	2,617	2,847
17,864	20,793	27,844
\$ 131,219	\$ 141,660	\$ 154,521
\$ 88	\$ 73	\$ 118
4,676	4,459	5,086
597	458	1,024
208	194	173
1,033	1,109	1,317
291	297	324
539	822	1,528
1,050	1,920	1,989
36,509	40,401	50,058
1,305	1,344	1,240
46,296	51,077	62,857
7,548	7,660	7,818
3,219	3,279	3,533
504	519	541
4,518	5,667	10,903
61	69	48
15,850	17,194	22,843
\$ 62,146	\$ 68,271	\$ 85,700
\$ (67,828)	\$ (70,563)	\$ (63,820)
(1,660)	(3,599)	(5,001)
\$ (69,488)	\$ (74,162)	\$ (68,821)

(Continued)

Changes in Net Assets (cont'd)

LAST EIGHT FISCAL YEARS

(Accrual basis of accounting)

(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES					
IN NET ASSETS:					
Governmental activities:					
Taxes:					
Personal income	\$ 21,945	\$ 25,129	\$ 28,344	\$ 31,694	\$ 34,745
Consumption and use	10,749	11,828	12,998	13,079	12,727
Business	5,049	4,832	5,676	6,901	8,527
Other	1,214	1,217	1,817	1,897	2,022
Grants and contributions not restricted to specific programs	—	645	—	—	—
Investment earnings	282	444	683	685	833
Miscellaneous	3,736	3,171	4,107	4,055	4,240
Transfers	(1,761)	(1,240)	(1,218)	(1,479)	(2,332)
Total governmental activities	41,214	46,026	52,407	56,832	60,762
Business-type activities:					
Investment earnings	391	169	81	127	366
Miscellaneous	188	173	453	505	292
Transfers	1,349	923	789	757	1,159
Total business-type activities	1,928	1,265	1,323	1,389	1,817
Total primary government	\$ 43,142	\$ 47,291	\$ 53,730	\$ 58,221	\$ 62,579
CHANGE IN NET ASSETS:					
Governmental activities	\$ (5,283)	\$ (3,310)	\$ 2,104	\$ 4,807	\$ (670)
Business-type activities	(187)	(412)	557	491	463
Total primary government	\$ (5,470)	\$ (3,722)	\$ 2,661	\$ 5,298	\$ (207)

Source: Office of the State Comptroller

Note: Figures restated for prior period adjustments.

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 38,756	\$ 33,108	\$ 34,521
13,087	13,137	13,076
8,157	7,661	7,662
2,291	1,898	2,780
—	—	—
997	256	115
3,876	3,983	4,906
(1,922)	(2,226)	(2,158)
65,242	57,817	60,902
639	270	39
119	300	235
1,543	1,845	1,812
2,301	2,415	2,086
\$ 67,543	\$ 60,232	\$ 62,988
\$ (1,817)	\$ (11,973)	\$ (2,918)
287	(1,184)	(2,915)
\$ (1,530)	\$ (13,157)	\$ (5,833)

Fund Balances

GOVERNMENTAL FUNDS LAST EIGHT FISCAL YEARS

(Modified accrual basis of accounting)
(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund:					
Reserved	\$ 1,216	\$ 1,782	\$ 1,773	\$ 1,798	\$ 2,011
Unreserved	(4,536)	(2,063)	(1,227)	384	373
Total general fund	\$ (3,320)	\$ (281)	\$ 546	\$ 2,182	\$ 2,384
All Other Governmental Funds:					
Reserved	\$ 7,611	\$ 9,051	\$ 9,099	\$ 11,277	\$ 10,652
Unreserved, reported in:					
Federal special revenue funds	(496)	(700)	(768)	(1,026)	(900)
Special revenue funds	2,917	2,260	3,110	3,938	3,584
Capital projects funds	(4,202)	(4,580)	(4,121)	(4,544)	(4,089)
Debt service funds	450	447	441	329	480
Total all other governmental funds	\$ 6,280	\$ 6,478	\$ 7,761	\$ 9,974	\$ 9,727

Source: Office of the State Comptroller

Tax Receipts by Source

GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)
(Amounts in millions)

Fiscal Year	Personal Income	Sales and Use	Motor Fuel	Corporate Franchise	Cigarette	Corporate & Utility	Other Miscellaneous	Total Taxes Collected by Year
2000-2001	\$ 27,371	\$ 9,147	\$ 535	\$ 2,508	\$ 553	\$ 962	\$ 3,530	\$ 44,606
2001-2002	24,004	8,836	513	1,559	558	1,156	4,054	40,680
2002-2003	21,967	9,309	552	1,655	514	1,083	3,901	38,981
2003-2004	25,150	10,433	543	1,657	442	860	4,006	43,091
2004-2005	28,382	11,587	557	2,070	427	812	5,072	48,907
2005-2006	31,695	11,199	530	2,985	974	813	5,427	53,623
2006-2007	34,615	10,828	517	4,170	993	809	5,929	57,861
2007-2008	38,792	11,197	520	3,964	967	795	6,113	62,348
2008-2009	33,096	10,906	500	3,265	1,330	875	5,735	55,707
2009-2010	34,536	10,705	516	2,541	1,389	965	7,253	57,905

Source: Office of the State Comptroller
New York State Division of the Budget

Note: Figures restated for prior period adjustments.

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,546	\$ 2,624	\$ 3,125
405	(5,568)	(6,663)
\$ 3,951	\$ (2,944)	\$ (3,538)
\$ 10,257	\$ 9,787	\$ 11,406
(964)	(1,081)	(1,341)
3,558	2,677	2,093
(5,144)	(4,798)	(5,279)
93	111	534
\$ 7,800	\$ 6,696	\$ 7,413

Program Revenues by Function/Program

LAST EIGHT FISCAL YEARS

(Accrual basis of accounting)

(Amounts in millions)

FUNCTION/PROGRAM:	Program Revenues				
	2003	2004	2005	2006	2007
Governmental activities:					
Education	\$ 2,628	\$ 3,259	\$ 3,480	\$ 3,833	\$ 3,766
Public health	24,636	26,505	26,878	31,526	29,514
Public welfare	9,046	8,321	7,678	8,204	7,882
Public safety	1,727	2,170	1,452	480	697
Transportation	2,209	2,320	2,578	2,540	2,758
Environment and recreation	552	538	496	428	451
Support and regulate business	475	406	266	299	503
General government	802	1,747	2,212	1,797	1,243
Interest on long-term debt	—	—	—	—	—
Total governmental activities	42,075	45,266	45,040	49,107	46,814
Business-type activities:					
Lottery	5,396	5,848	6,271	6,803	7,175
Unemployment insurance	3,911	3,590	2,727	2,754	2,490
State University of New York	3,409	3,510	4,123	4,110	4,379
City University of New York	812	930	1,090	1,115	1,140
Total business-type activities	13,528	13,878	14,211	14,782	15,184
Total primary government	\$ 55,603	\$ 59,144	\$ 59,251	\$ 63,889	\$ 61,998

Source: Office of the State Comptroller

Note: Figures restated for prior period adjustments.

New York State and Local Retirement System— Changes in Net Assets

LAST TEN FISCAL YEARS

(Amounts in thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
Additions:					
Member contributions	\$ 319,063	\$ 210,202	\$ 219,192	\$ 221,871	\$ 227,308
Employer contributions	214,766	263,846	651,931	1,286,455	2,964,843
Investment income (loss), net of expenses	(11,170,822)	2,730,952	(11,235,815)	27,334,752	9,679,979
Other	116,361	119,366	109,730	77,148	122,767
Total additions to plan net assets	(10,520,632)	3,324,366	(10,254,962)	28,920,226	12,994,897
Deductions:					
Retirement allowances	4,028,018	4,336,455	4,836,206	5,190,147	5,512,849
Death benefits	152,941	151,796	148,372	157,314	161,857
Administrative expenses	57,806	66,612	67,496	69,612	65,324
Other	86,449	88,121	45,188	76,816	16,159
Total deductions from plan assets	4,325,214	4,642,984	5,097,262	5,493,889	5,756,189
Change in net assets	\$ (14,845,846)	\$ (1,318,618)	\$ (15,352,224)	\$ 23,426,337	\$ 7,238,708

Source: New York State and Local Retirement System

Note: For additional information, please see www.osc.state.ny.us/retire/publications/index.htm.

Program Revenues

2008	2009	2010
\$ 3,315	\$ 3,684	\$ 3,853
28,900	31,402	38,314
8,315	9,056	12,021
916	481	758
2,613	2,931	3,017
493	413	521
552	835	1,542
1,192	2,275	2,826
—	—	5
46,296	51,077	62,857
7,548	7,660	7,818
2,389	3,582	8,603
4,719	4,740	5,154
1,194	1,212	1,268
15,850	17,194	22,843
\$ 62,146	\$ 68,271	\$ 85,700

Fiscal Year

2006	2007	2008	2009	2010
\$ 241,173	\$ 250,158	\$ 265,676	\$ 273,316	\$ 284,291
2,782,147	2,718,551	2,648,448	2,456,223	2,344,222
17,615,876	17,416,082	3,163,728	(40,428,820)	28,422,361
94,556	131,863	116,112	155,918	81,981
20,733,752	20,516,654	6,193,964	(37,543,363)	31,132,855
5,867,718	6,218,783	6,653,820	7,031,621	7,480,101
161,249	164,632	181,693	180,491	183,023
78,506	79,772	90,304	99,229	100,029
43,901	48,316	47,521	53,387	55,748
6,151,374	6,511,503	6,973,338	7,364,728	7,818,901
\$ 14,582,378	\$ 14,005,151	\$ (779,374)	\$ (44,908,091)	\$ 23,313,954

Personal Income Tax Filers and Liability by Income Level

FOR NINE YEARS STATED

(Amounts in thousands)

1998					1999				
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 1998					Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 1999				
Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,062,737	14%	\$ (27,534)	0%	Under \$5,000	1,067,000	14%	\$ (27,952)	0%
\$ 5,000–9,999	892,294	12%	(99,779)	–1%	\$ 5,000–9,999	873,229	11%	(93,715)	0%
10,000–19,999	1,355,408	18%	5,950	0%	10,000–19,999	1,338,164	17%	(3,093)	0%
20,000–29,999	1,048,161	14%	561,772	3%	20,000–29,999	1,042,293	13%	536,980	3%
30,000–39,999	799,521	10%	889,023	6%	30,000–39,999	814,459	11%	891,926	5%
40,000–49,999	576,698	7%	939,646	6%	40,000–49,999	588,527	8%	961,664	5%
50,000–59,999	442,064	6%	953,279	6%	50,000–59,999	450,140	6%	978,580	6%
60,000–74,999	466,658	6%	1,327,195	8%	60,000–74,999	485,419	6%	1,388,686	8%
75,000–99,999	437,393	6%	1,732,740	11%	75,000–99,999	466,673	6%	1,858,354	10%
100,000–199,999	405,488	5%	2,884,389	18%	100,000–199,999	459,964	6%	3,299,057	18%
200,000 and over	163,656	2%	7,035,085	43%	200,000 and over	188,129	2%	8,153,678	45%
Total	7,650,078	100%	\$16,201,766	100%	Total	7,773,997	100%	\$17,944,165	100%

2002					2003				
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2002					Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2003				
Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,147,330	14%	\$ (46,412)	0%	Under \$5,000	1,174,853	15%	\$ (53,777)	0%
\$ 5,000–9,999	851,799	11%	(144,238)	–1%	\$ 5,000–9,999	833,759	10%	(164,814)	–1%
10,000–19,999	1,314,760	16%	(188,667)	–1%	10,000–19,999	1,285,687	16%	(279,415)	–1%
20,000–29,999	1,033,443	13%	416,859	2%	20,000–29,999	1,017,276	13%	336,793	2%
30,000–39,999	825,347	10%	858,914	5%	30,000–39,999	820,358	10%	816,554	4%
40,000–49,999	621,435	8%	980,604	6%	40,000–49,999	619,173	8%	959,105	5%
50,000–59,999	459,327	6%	968,129	6%	50,000–59,999	459,446	6%	956,322	5%
60,000–74,999	519,994	6%	1,457,215	8%	60,000–74,999	515,069	6%	1,428,386	7%
75,000–99,999	525,565	7%	2,041,915	12%	75,000–99,999	536,852	7%	2,068,743	11%
100,000–199,999	533,802	7%	3,746,124	21%	100,000–199,999	560,063	7%	3,954,366	21%
200,000 and over	196,969	2%	7,379,544	42%	200,000 and over	203,810	2%	8,924,744	47%
Total	8,029,771	100%	\$17,469,989	100%	Total	8,026,346	100%	\$18,947,007	100%

2006 ⁽¹⁾				
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2006				
Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,118,894	13%	\$ (91,631)	0%
\$ 5,000–9,999	824,596	10%	(172,332)	–1%
10,000–19,999	1,290,097	15%	(386,792)	–1%
20,000–29,999	1,016,079	12%	184,324	1%
30,000–39,999	829,814	10%	706,969	3%
40,000–49,999	640,364	8%	917,624	4%
50,000–59,999	480,661	6%	939,863	4%
60,000–74,999	543,846	7%	1,424,481	6%
75,000–99,999	597,498	7%	2,185,284	9%
100,000–199,999	704,317	8%	4,815,069	19%
200,000 and over	293,425	4%	14,291,890	56%
Total	8,339,591	100%	\$24,814,750	100%

Source: New York State Department of Taxation and Finance

Note: (1) Calendar years after 2006 are not yet available; please see www.tax.state.ny.us for additional information.

2000
Income Tax Components of Full-Year Residents
by Size of Income (All Returns) in 2000

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,082,379	13%	\$ (33,430)	0%
\$ 5,000–9,999	912,361	11%	(134,835)	–1%
10,000–19,999	1,372,544	17%	(52,310)	0%
20,000–29,999	1,076,279	13%	531,738	2%
30,000–39,999	840,802	10%	916,843	4%
40,000–49,999	615,956	8%	1,002,229	5%
50,000–59,999	468,257	6%	1,014,292	5%
60,000–74,999	513,045	6%	1,472,446	7%
75,000–99,999	505,027	6%	2,015,234	10%
100,000–199,999	519,221	7%	3,735,901	18%
200,000 and over	217,173	3%	10,529,250	50%
Total	8,123,044	100%	\$20,997,359	100%

2001
Income Tax Components of Full-Year Residents
by Size of Income (All Returns) in 2001

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,099,726	14%	\$ (36,957)	0%
\$ 5,000–9,999	865,739	11%	(138,532)	–1%
10,000–19,999	1,335,044	17%	(123,275)	–1%
20,000–29,999	1,052,949	13%	484,510	3%
30,000–39,999	837,757	10%	897,780	5%
40,000–49,999	619,279	8%	996,088	5%
50,000–59,999	464,371	6%	995,479	5%
60,000–74,999	515,464	6%	1,466,090	8%
75,000–99,999	515,543	6%	2,033,086	11%
100,000–199,999	528,198	6%	3,746,962	20%
200,000 and over	203,001	3%	8,507,936	45%
Total	8,037,071	100%	\$18,829,167	100%

2004
Income Tax Components of Full-Year Residents
by Size of Income (All Returns) in 2004

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,170,424	15%	\$ (62,168)	0%
\$ 5,000–9,999	823,368	10%	(145,378)	–1%
10,000–19,999	1,264,123	16%	(282,049)	–1%
20,000–29,999	990,224	12%	301,752	1%
30,000–39,999	815,073	10%	795,065	4%
40,000–49,999	628,266	8%	965,901	4%
50,000–59,999	466,514	6%	966,540	5%
60,000–74,999	524,742	6%	1,446,315	7%
75,000–99,999	554,372	7%	2,121,162	10%
100,000–199,999	596,606	7%	4,183,689	19%
200,000 and over	230,838	3%	11,299,366	52%
Total	8,064,550	100%	\$21,590,194	100%

2005
Income Tax Components of Full-Year Residents
by Size of Income (All Returns) in 2005

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under \$5,000	1,145,067	14%	\$ (66,663)	0%
\$ 5,000–9,999	826,503	10%	(148,495)	–1%
10,000–19,999	1,275,641	16%	(289,586)	–1%
20,000–29,999	1,002,581	12%	294,028	1%
30,000–39,999	814,589	10%	789,437	3%
40,000–49,999	629,992	8%	968,166	4%
50,000–59,999	469,666	6%	973,557	4%
60,000–74,999	528,785	6%	1,456,936	6%
75,000–99,999	574,255	7%	2,191,923	9%
100,000–199,999	637,544	8%	4,451,432	19%
200,000 and over	257,867	3%	13,244,481	56%
Total	8,162,490	100%	\$23,865,215	100%

Personal Income by Industry

LAST NINE CALENDAR YEARS

(Amounts in millions)

	Calendar Year				
	2001	2002	2003	2004	2005
Total personal income	\$ 679,885	\$ 677,604	\$ 691,123	\$ 737,755	\$ 805,717
Farm earnings	851	596	781	805	1,029
Nonfarm earnings	550,299	548,911	557,906	595,910	640,427
Private earnings	474,031	468,952	474,881	508,731	547,340
Agricultural services, forestry, fishing	1,279	1,226	1,214	1,245	1,300
Mining	1,212	942	829	934	1,044
Utilities	5,178	5,483	5,576	5,708	6,056
Construction	22,736	23,097	23,450	24,559	25,880
Manufacturing	42,787	42,360	43,133	43,719	44,750
Wholesale trade	25,344	25,391	26,278	27,831	29,324
Retail trade	27,203	28,185	29,067	30,537	32,704
Transportation and warehousing	11,778	11,648	11,941	12,559	13,368
Information	33,224	33,482	34,470	36,015	37,930
Finance and insurance	102,845	92,368	89,925	102,607	112,614
Real estate, rental and leasing	13,991	13,657	15,570	14,893	16,105
Professional and technical services	61,633	59,209	58,694	62,741	69,610
Management of companies and enterprises	14,707	16,101	15,591	16,591	17,411
Administrative and waste services	16,616	16,698	17,433	18,596	20,562
Educational services	10,553	11,298	12,100	12,880	14,195
Health care and social assistance	51,234	54,547	57,000	60,445	64,775
Arts, entertainment, and recreation	7,012	7,341	7,629	8,300	8,818
Accommodation and food services	11,439	11,832	12,346	13,112	14,150
Other services, except public administration	13,252	14,079	14,806	15,451	16,745
Government and government enterprises	76,268	79,959	83,025	87,179	93,086
Federal, civilian	9,522	10,080	10,189	10,813	11,330
Military	1,719	1,991	2,442	2,626	2,921
State and local	65,027	67,887	70,392	73,738	78,835

Source: Bureau of Economic Analysis

Notes:

Deviation between personal income and earnings by industry are due to dividends, interest, rent, personal current transfer receipts, contributions for government social insurance, employee and self-employed contributions for government social insurance, and adjustment for residence.

Calendar year 2009 data is estimated. For more information, please see www.bea.gov.

Calendar Year

2006		2007		2008		2009	
\$	818,426	\$	914,432	\$	937,010	\$	917,610
	592		1,170		1,015		806
	667,882		724,080		752,457		700,447
	574,142		622,711		644,763		588,548
	1,255		1,216		1,300		343
	2,175		1,739		2,456		1,417
	5,762		6,855		6,672		5,671
	27,266		28,776		30,092		28,584
	45,552		46,153		46,448		37,575
	30,446		31,959		32,434		29,851
	33,112		34,444		35,081		33,982
	13,636		14,657		14,614		14,391
	38,277		41,203		44,959		38,250
	120,710		144,606		147,543		116,255
	17,321		17,938		16,196		13,338
	76,751		80,728		88,121		80,161
	18,708		21,174		20,949		19,055
	20,661		22,334		23,332		21,721
	14,588		15,381		16,354		17,838
	67,272		69,867		72,827		78,312
	8,790		9,532		9,807		11,563
	14,757		16,010		16,718		17,354
	17,100		18,136		18,859		22,887
	93,740		101,369		107,694		111,899
	10,939		11,813		12,072		12,532
	3,340		3,555		3,831		4,421
	79,460		86,002		91,791		94,945

Personal Income Tax Rates

LAST TEN CALENDAR YEARS

Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of			Average Effective Rate ⁽¹⁾
		Single	Married Filing Jointly	Head of Household	
2000	6.85%	\$ 20,000	\$ 40,000	\$ 30,000	3.81%
2001	6.85%	20,000	40,000	30,000	4.13%
2002	6.85%	20,000	40,000	30,000	3.53%
2003	7.70%	500,000	500,000	500,000	3.24%
2004	7.70%	500,000	500,000	500,000	3.64%
2005	7.70%	500,000	500,000	500,000	3.85%
2006	6.85%	20,000	40,000	30,000	3.93%
2007	6.85%	20,000	40,000	30,000	4.23%
2008	6.85%	20,000	40,000	30,000	4.24%
2009	8.97%	500,000	500,000	500,000	3.53%

Source: New York State Department of Taxation and Finance (www.tax.state.ny.us)

Notes:

(1) Fiscal year personal income tax collections divided by prior-year personal income.

See Exhibit Demographic and Economic Statistics I for personal income and population data.

See Exhibit Tax Receipts by Source for personal income tax collections.

Ratios of Outstanding Debt by Type

LAST NINE FISCAL YEARS

(Amounts in millions except per capita)

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income ⁽⁴⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds ⁽¹⁾	Other Financing Arrangements ⁽²⁾	Other Financing Arrangements ⁽³⁾			
2001-2002	\$ 4,142	\$ 25,561	\$ 7,339	\$ 37,042	5%	\$ 1,948
2002-2003	3,998	27,880	7,444	39,322	6%	2,053
2003-2004	3,825	35,084	8,025	46,934	7%	2,446
2004-2005	3,692	35,911	7,938	47,541	6%	2,473
2005-2006	3,511	35,763	7,825	47,099	6%	2,446
2006-2007	3,344	37,031	8,386	48,761	6%	2,526
2007-2008	3,264	38,511	8,787	50,562	6%	2,620
2008-2009	3,367	40,191	8,935	52,493	6%	2,693
2009-2010	3,461	42,410	9,413	55,284	6%	2,829

Source: Office of the State Comptroller

Notes:

(1) General Obligation Debt figures include par value, premiums and discounts.

(2) Other Financing Arrangements for Governmental Activities include Tobacco Settlement Financing Corporation bonds, Municipal Bond Bank Agency Special Purpose School Aid bonds, Capital Lease Obligations, Unamortized Bond Premiums and Discounts, Accumulated accretion on capital appreciation bonds and other State-Supported debt as defined by the State Finance Law.

(3) Other Financing Arrangements for Business-type Activities include Capital Lease Obligations, Mortgage Loan Commitments, Unamortized Bond Premiums and other State-Supported debt as defined by the State Finance Law.

(4) See Exhibit: Demographic and Economic Statistics I for personal income and population data.

Legal Debt Margin Information

LAST NINE FISCAL YEARS

(Amounts in millions)

	Fiscal Year				
	2002	2003	2004	2005	2006
Authorized Debt Limit—General Obligation Debt:					
Transportation Bonds	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 10,400
Environmental Bonds	5,650	5,650	5,650	5,650	5,650
Housing Bonds	1,135	1,135	1,135	1,135	1,135
Education Bonds	250	250	250	250	250
Total General Obligation Debt	14,535	14,535	14,535	14,535	17,435
Local Government Assistance Corporation	4,700	4,700	4,700	4,700	4,700
Other Lease Purchase and Contractual Financing Arrangements	38,352	42,542	44,079	58,575 ⁽¹⁾	64,315
Total Authorized Debt	\$ 57,587	\$ 61,777	\$ 63,314	\$ 77,810	\$ 86,450
Total debt applicable to limit:⁽²⁾					
General Obligation ⁽³⁾	\$ 4,142	\$ 3,996	\$ 3,804	\$ 3,652	\$ 3,470
Local Government Assistance Corporation	4,621	4,575	4,569	4,449	4,317
Other Lease Purchase and Contractual Financing Arrangements	27,534	29,672	36,696	37,279	36,908
Direct Debt	36,297	38,243	45,069	45,380	44,695
Legal Debt Margin	\$ 21,290	\$ 23,534	\$ 18,245	\$ 32,430	\$ 41,755
Total net debt applicable to the limit as a percentage of debt limit	63.03%	61.90%	71.18%	58.32%	51.70%

Sources:

Office of the State Comptroller

New York State Division of the Budget, Annual Information Statement

Notes:

(1) The increase in 2005 Other Lease Purchase and Contractual Financing Arrangements relates to the increase in authorization of lease purchases for the Thruway Authority and SUNY, resulting in an increase of the Legal Debt Margin for 2005.

(2) Amount of debt applicable to limitations is dependent upon authorization language.

(3) General Obligation Debt stated at par.

For additional information please see the notes to the financial statements and www.budget.state.ny.us.

Balances have been restated for prior period adjustments, corrections and reclassifications.

Fiscal Year

2007		2008		2009		2010	
\$	10,400	\$	10,400	\$	10,400	\$	10,400
	5,650		5,650		5,650		5,650
	1,135		1,135		1,135		1,135
	250		—		—		—
	17,435		17,185		17,185		17,185
	4,700		4,700		4,700		4,700
	69,889		76,538		79,696		79,696
\$	92,024	\$	98,423	\$	101,581	\$	101,581
\$	3,302	\$	3,221	\$	3,323	\$	3,400
	4,204		4,021		3,849		3,639
	38,750		40,823		42,868		45,638
	46,256		48,065		50,040		52,677
\$	45,768	\$	50,358	\$	51,541	\$	48,904
	50.27%		48.84%		49.26%		51.86%

Ratios of General Obligation Debt Outstanding and Legal Debt Margin

LAST NINE FISCAL YEARS

(Amounts in millions)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Obligation Debt Outstanding:					
General obligation bonds ⁽¹⁾	\$ 4,142	\$ 3,996	\$ 3,804	\$ 3,652	\$ 3,470
Per capita	\$ 218	\$ 209	\$ 198	\$ 190	\$ 180
Legal debt limit	\$ 14,535	\$ 14,535	\$ 14,535	\$ 14,535	\$ 17,435 ⁽²⁾
Total net debt applicable to debt limit	4,142	3,996	3,804	3,652	3,470
Legal debt margin	\$ 10,393	\$ 10,539	\$ 10,731	\$ 10,883	\$ 13,965
Legal debt margin as a percentage of the debt limit	71.50%	72.51%	73.83%	74.87%	80.10%

Sources:

Office of the State Comptroller

New York State Division of the Budget, Annual Information Statement

Notes:

(1) General Obligation Debt stated at par.

(2) The increase in the Legal Debt Limit in 2006 is related to the increase in authorization of Transportation bonds.

For additional information please see the notes to the financial statements and www.budget.state.ny.us.

Fiscal Year

2007	2008	2009	2010
\$ 3,302	\$ 3,221	\$ 3,323	\$ 3,400
\$ 171	\$ 167	\$ 170	\$ 174
\$ 17,435	\$ 17,185	\$ 17,185	\$ 17,185
3,302	3,221	3,323	3,400
<u>\$ 14,133</u>	<u>\$ 13,964</u>	<u>\$ 13,862</u>	<u>\$ 13,785</u>
81.06%	81.26%	80.66%	80.22%

Pledged Revenue Coverage

TEN FISCAL YEARS STATED

(Cash basis of accounting)

(Amounts in thousands)

New York Local Government Assistance Corporation Bonds^(a)

Fiscal Year	Sales Tax Revenues				
	Revenue Bond Tax Fund Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
2001	\$ 2,091,901	\$ 10,676	\$ 2,081,225	\$ 323,631	6.43
2002	2,043,674	4,000	2,039,674	290,125	7.03
2003	2,106,477	4,000	2,102,477	183,498	11.46
2004	2,266,814	4,000	2,262,814	291,618	7.76
2005	2,492,739	6,000	2,486,739	306,023	8.13
2006	2,614,565	8,000	2,606,565	313,265	8.32
2007	2,511,476	6,000	2,505,476	418,770	5.98
2008	2,645,580	6,000	2,639,580	278,891	9.46
2009	2,566,957	10,963	2,555,994	360,771	7.08
2010	2,466,528	11,218	2,455,310	332,596	7.38

New York State Personal Income Tax Revenue Bonds^(b)

Fiscal Year	Personal Income Tax Revenues				
	Revenue Bond Tax Fund Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
2004	\$ 5,456,943	\$ 884	\$ 5,456,059	\$ 257,967	21.15
2005	6,260,277	1,069	6,259,208	346,895	18.04
2006	6,899,930	2,058	6,897,872	515,627	13.38
2007	7,646,505	4,010	7,642,495	670,600	11.40
2008	9,140,962	7,292	9,133,670	873,653	10.45
2009	9,210,005	8,571	9,201,434	1,016,423	9.05
2010	8,687,845	9,136	8,678,709	1,411,673	6.15

Source: Office of the State Comptroller

Notes:

New York Local Government Assistance Corporation Bonds

(a) An amount equal to one-cent of the State's sales tax, less refunds to taxpayers, is to be deposited in the Local Government Assistance Tax Fund. The monies of such Fund are reserved for payment to the New York Local Assistance Corporation to enable it to meet principal and interest on its bonds. Monies in the Local Government Assistance Tax Fund in excess of debt service requirements and administrative expenses of the New York Local Government Assistance Corporation are required to be transferred to the General Fund.

New York State Personal Income Tax Revenue Bonds

(b) 25 percent of New York State Personal Income Tax Receipts less refunds to taxpayers, is to be deposited in the Revenue Bond Tax Fund. The monies of such fund are reserved for payment of debt service on Personal Income Tax Revenue Bonds, since the Enabling Act originally has been in effect, beginning the 2003-2004 fiscal year. Monies in the Revenue Bond Tax Fund in excess of debt service requirements are required to be transferred to the General Fund.

Ratios of General Bonded Debt Outstanding

LAST NINE FISCAL YEARS

(Amounts in millions)

Fiscal Year	General Bonded Debt Outstanding	
	General Obligation Bonds ⁽¹⁾	Per Capita ⁽²⁾
2001-2002	\$ 4,142	\$ 218
2002-2003	3,998	209
2003-2004	3,825	199
2004-2005	3,692	192
2005-2006	3,511	182
2006-2007	3,344	173
2007-2008	3,264	169
2008-2009	3,367	173
2009-2010	3,461	177

Source: Office of the State Comptroller

Notes:

(1) General Obligation Debt figures include par value, premiums and discounts.

(2) See Exhibit: Demographic and Economic Statistics I for population data.

Government Employees by Level of Government

NEW YORK STATE 1999–2008

(Annual averages in thousands)

Fiscal Years	Employees	
	State ⁽¹⁾	Local ⁽²⁾
1999	258.8	1,045.5
2000	261.7	1,059.0
2001	263.3	1,064.2
2002	267.8	1,086.6
2003	263.7	1,088.9
2004	261.8	1,091.6
2005	261.4	1,098.3
2006	259.1	1,101.3
2007	261.7	1,115.7
2008	262.7	1,126.1

Sources:

New York State Department of Labor

2008 New York State Statistical Yearbook, Rockefeller Institute of Government

Notes:

(1) For State employees annual average of the number of checks issued as of the pay period including the 12th of the month, regardless of funding source, to individuals in: State departments and agencies; Legislature; Judiciary; public authorities; and miscellaneous boards and commissions.

(2) Local government employees includes full- and part-time employees of counties, cities, villages and towns, engaged in educational or noneducational functions.

Demographic and Economic Statistics I

LAST TEN CALENDAR YEARS

Year	Population (1000s)	Personal Income (1000s)	Per Capita Personal Income	Unemployment Rate
2000	18,976	\$663,005,163	\$ 34,939	4.6%
2001	19,011	679,885,648	35,763	4.9%
2002	19,158	677,604,314	35,369	5.8%
2003	19,190	691,123,302	36,015	6.0%
2004	19,227	737,755,932	38,371	5.5%
2005	19,255	805,717,000	41,845	4.8%
2006	19,306	818,426,220	42,392	4.4%
2007	19,298	914,431,670	47,385	4.2%
2008	19,490	937,009,617	48,076	4.9%
2009	19,541	917,610,217	46,958	8.1%

Sources:

Bureau of Economic Analysis

U.S. Department of Commerce

U.S. Census Bureau

New York State Department of Labor

Demographic and Economic Statistics II

LAST TEN CALENDAR YEARS

Year	Population			
	U.S. Population (1000s)	Change from Prior Period	State of New York (1000s)	Change from Prior Period
2000	282,193	3.48%	18,976	4.28%
2001	285,108	1.03%	19,011	0.18%
2002	287,985	1.01%	19,158	0.77%
2003	290,850	0.99%	19,190	0.17%
2004	293,657	0.97%	19,227	0.19%
2005	296,410	0.94%	19,255	0.15%
2006	299,398	1.01%	19,306	0.26%
2007	301,621	0.74%	19,298	-0.04%
2008	304,060	0.81%	19,490	0.99%
2009	307,007	0.97%	19,541	0.26%

Sources:

U.S. Census Bureau

Bureau of Economic Analysis

New York State Department of Labor

New York State Department of Motor Vehicles

New York State Education Department

Per Capita Personal Income**Civilian Labor Force**

Per Capita Personal Income			Civilian Labor Force				
U.S.	State of New York	New York as a Percentage of U.S.	Employed (1000s)	Unemployed (1000s)	Unemployment Rate	Public School Enrollment	Motor Vehicles Registered
\$ 29,845	\$ 34,939	117.1%	8,729	397	4.6%	2,844,110	10,661,161
30,574	35,763	117.0%	8,711	370	4.9%	2,839,536	10,706,563
30,810	35,369	114.8%	8,712	542	5.8%	2,832,217	10,445,409
31,484	36,015	114.4%	8,675	556	6.0%	2,875,088	10,414,200
33,050	38,371	116.1%	8,741	506	5.5%	2,857,079	10,449,816
34,586	41,845	121.0%	8,902	444	4.8%	2,864,037	10,476,513
36,276	42,392	116.9%	9,033	412	4.4%	2,776,870	10,551,341
38,611	47,385	122.7%	9,046	395	4.2%	2,715,068	10,664,811
39,751	48,076	120.9%	9,147	472	4.9%	2,684,024	10,697,644
39,138	46,958	120.0%	8,888	786	8.1%	2,654,700	10,699,846

Employment by Industry

EIGHT YEARS STATED

	2001	2002	2003	2004	2005
Total employment	10,491,096	10,415,119	10,459,857	10,610,532	10,763,487
Wage and salary employment	8,906,825	8,769,557	8,727,501	8,775,838	8,840,376
Proprietors employment	1,584,271	1,645,562	1,732,356	1,834,694	1,923,111
Farm proprietors employment	38,459	38,549	37,633	36,481	36,475
Nonfarm proprietors employment	1,545,812	1,607,013	1,694,723	1,798,213	1,886,636
Farm employment	59,730	59,916	59,641	54,827	54,243
Nonfarm employment	10,431,366	10,355,203	10,400,216	10,555,705	10,709,244
Private employment	8,946,637	8,849,377	8,897,484	9,056,795	9,208,323
Forestry, fishing, related activities, and other	23,689	24,455	22,684	23,280	23,271
Mining	9,876	8,733	10,022	9,516	9,866
Utilities	43,796	43,301	42,213	40,623	40,651
Construction	462,822	449,250	456,704	467,615	483,981
Manufacturing	734,909	680,268	642,125	626,157	612,145
Wholesale trade	399,253	387,074	384,490	389,951	391,525
Retail trade	1,026,415	1,022,037	1,025,356	1,039,785	1,058,146
Transportation and warehousing	324,632	311,291	309,902	317,870	327,069
Information	358,650	325,881	308,447	305,139	310,275
Finance and insurance	726,286	698,378	688,840	696,548	711,845
Real estate, rental and leasing	358,530	361,088	380,434	407,062	436,758
Professional and technical services	798,205	782,981	794,919	823,816	835,753
Management of companies and enterprises	122,454	127,630	126,239	125,968	130,060
Administrative and waste services	523,064	511,429	513,021	529,832	537,833
Educational services	339,070	350,635	363,734	376,935	388,285
Health care and social assistance	1,322,903	1,358,742	1,400,504	1,421,958	1,440,752
Arts, entertainment, and recreation	258,204	268,588	270,871	283,129	287,510
Accommodation and food services	554,968	558,728	572,337	583,087	591,426
Other services, except public administration	558,911	578,888	584,642	588,524	591,172
Government and government enterprises	1,484,729	1,505,826	1,502,732	1,498,910	1,500,921
Federal, civilian	134,377	133,580	135,408	130,490	128,925
Military	57,973	57,603	57,140	56,362	56,257
State government	251,702	253,528	250,308	249,034	247,293
Local government	1,040,677	1,061,115	1,059,876	1,063,024	1,068,446

Source: Regional Economic Information System, Bureau of Economic Analysis

Note: Full- and Part-Time Employment data shown.

2006	2007	2008
10,952,095	11,039,874	11,289,001
8,925,539	9,047,065	9,004,901
2,026,556	1,992,809	2,284,100
35,724	34,782	32,683
1,990,832	1,958,027	2,251,417
52,102	50,784	51,724
10,899,993	10,989,090	11,237,277
9,399,820	9,478,570	9,708,898
23,707	23,744	14,341
9,959	10,675	14,286
40,506	40,119	40,355
508,530	527,531	533,932
598,993	584,955	565,032
394,772	397,410	390,550
1,065,731	1,073,776	1,066,636
337,573	334,622	346,712
312,293	302,404	301,954
733,599	731,480	789,048
466,261	470,170	565,276
866,101	869,279	900,523
135,334	137,157	139,224
539,449	559,928	567,179
401,273	405,562	412,051
1,466,699	1,483,772	1,500,582
295,198	299,829	320,716
598,360	616,162	628,012
605,482	609,995	612,489
1,500,173	1,510,520	1,528,379
127,015	127,046	127,037
57,590	57,087	59,940
246,101	247,038	250,133
1,069,467	1,079,349	1,091,269

Select State Agency Employment

MARCH 2010

<u>Agency</u>	<u>Actual March 2009</u>	<u>Estimated March 2010</u>
Major Agencies:		
State University	41,605	41,778
Correctional Services	31,159	30,027
Mental Retardation	22,590	21,786
Mental Health	16,716	16,297
Transportation	10,185	9,701
Health	5,704	5,491
State Police	5,901	5,702
Taxation and Finance	5,049	5,178
Children and Family Services	3,874	3,576
Environmental Conservation	3,657	3,368
Education	3,129	2,998
Temporary and Disability Assistance	2,191	2,359
Subtotal	151,760	148,261
Other Major Agencies	14,023	13,875
Minor Agencies	12,312	12,159
Other	21,821	22,080
GRAND TOTAL	199,916	196,375

Source: New York State Division of Budget 2010-11 Executive Budget Five-Year Financial Plan
(www.budget.state.ny.us)

Note: Does not include: Legislature; Judiciary; public authorities; and miscellaneous boards and commissions.

Operating Indicators

LAST NINE YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
State Police Protection:					
Number of Troops	11	11	11	11	11
Number of Employees	5,257	5,453	5,608	5,608	5,977
State University of New York:					
Campuses	64	64	64	64	64
Students	382,000	402,000	410,700	410,700	412,000
Recreation:					
Parks & Historic Sites	199	202	203	203	207
Expected Visitors	60 million				

Source: New York State Executive Budget Agency Presentations

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
11 5,927	11 5,989	11 5,989	11 5,530
64 417,000	64 427,000	64 440,000	64 477,000
211 60 million	213 55 million	213 55 million	214 55 million

Capital Asset Balances by Function

LAST EIGHT FISCAL YEARS

(Amounts in millions)

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Land and Land Improvements:					
General government	\$ 126	\$ 128	\$ 129	\$ 127	\$ 96
Public safety	174	184	195	204	226
Public welfare	22	24	24	24	24
Support/regulate business	6	6	6	6	6
Environment/recreation	914	991	1,019	1,101	1,155
Education	1	1	1	1	1
Public health	163	170	183	187	193
Transportation	2,044	2,080	2,146	2,201	2,252
Depreciation (land improvements)	(229)	(242)	(256)	(281)	(291)
Total, net of depreciation	3,221	3,342	3,447	3,570	3,662
Land Preparation:					
Transportation (roads)	2,667	2,734	2,786	2,856	2,981
Buildings:					
General government	1,931	1,991	2,109	2,168	1,939
Public safety	2,507	2,728	2,795	2,937	3,028
Public welfare	176	178	165	171	171
Support/regulate business	33	33	33	33	34
Environment/recreation	273	279	309	334	356
Education	77	81	89	90	97
Public health	2,964	2,957	2,600	2,682	2,792
Transportation	236	251	307	315	327
Depreciation	(3,699)	(3,941)	(4,095)	(4,332)	(4,557)
Total, net of depreciation	4,498	4,557	4,312	4,398	4,187
Equipment:					
General government	194	175	157	139	117
Public safety	84	84	81	83	83
Public welfare	42	41	14	14	18
Support/regulate business	8	8	7	4	4
Environment/recreation	33	33	33	36	38
Education	11	10	9	5	5
Public health	62	63	58	61	64
Transportation	208	246	258	266	282
Depreciation	(371)	(386)	(365)	(364)	(392)
Total, net of depreciation	271	274	252	244	219
Construction in Progress:					
Buildings	892	548	687	455	331
Transportation (roads and bridges)	1,927	2,241	3,103	3,122	3,038
Total	2,819	2,789	3,790	3,577	3,369
Infrastructure:⁽¹⁾					
General government	—	—	—	—	5
Public safety	—	—	6	28	55
Public welfare	—	—	—	—	—
Environment/recreation	12	18	20	20	29
Public health	—	4	24	15	16
Depreciation	—	(1)	(2)	(3)	(6)
Total, net of depreciation	12	21	48	60	99
Infrastructure:⁽²⁾					
Transportation	62,749	62,934	63,056	63,303	63,803
Business-Type Activities, Net	5,695	6,201	6,499	6,927	7,296

Source: Office of the State Comptroller

Notes:

(1) Depreciable

(2) Roads and Bridges, non-depreciable

Figures restated for prior period adjustments.

Fiscal Year

2008		2009		2010	
\$	95	\$	125	\$	125
	247		257		271
	24		27		32
	6		6		6
	1,241		1,360		1,374
	2		3		3
	196		208		218
	2,262		2,306		2,349
	(300)		(314)		(332)
	3,773		3,978		4,046
	3,083		3,191		3,271
	1,954		2,192		2,222
	3,146		3,344		3,476
	174		180		186
	34		34		34
	371		399		451
	106		107		111
	2,910		3,073		3,146
	289		299		302
	(4,776)		(5,033)		(5,293)
	4,208		4,595		4,635
	125		162		161
	90		90		92
	19		19		21
	4		5		6
	41		51		51
	5		5		5
	64		57		57
	280		278		324
	(403)		(431)		(460)
	225		236		257
	510		444		499
	3,079		3,248		3,405
	3,589		3,692		3,904
	11		11		11
	62		91		102
	—		—		13
	29		33		33
	25		42		46
	(11)		(17)		(24)
	116		160		181
	64,200		64,567		65,141
	7,773		8,445		9,206

Membership by Type of Benefit Plan

AS OF MARCH 31, 2010

Retirement System	Retirement Plan Membership		
	Tier 1	Tier 2	Tier 3, 4 & 5
New York State and Local Employees Retirement System	13,395	15,651	614,829
New York State and Local Police and Fire Retirement System	393	34,261	688

Source: New York State and Local Retirement System

Note: Please see www.osc.state.ny.us/retire/publications/index.htm for more information.

Principal Participating Employers

TEN MOST RECENT FISCAL YEARS

Participating Government	2001			2002			2003		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State	227,877	1	36.37%	222,186	1	34.83%	221,807	1	34.09%
Counties	125,814	2	20.08%	124,347	2	19.49%	125,220	2	19.25%
Schools	110,369	3	17.61%	115,757	3	18.15%	121,668	3	18.70%
Miscellaneous	72,098	4	11.51%	83,914	4	13.16%	88,352	4	13.58%
Towns	41,301	5	6.59%	42,254	5	6.62%	43,628	5	6.71%
Cities	32,332	6	5.16%	32,283	6	5.06%	32,178	6	4.95%
Villages	16,774	7	2.68%	17,155	7	2.69%	17,690	7	2.72%
Total	626,565		100.00%	637,896		100.00%	650,543		100.00%

Participating Government	2008			2009			2010		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State	226,439	1	33.43%	225,963	1	33.23%	222,555	1	32.77%
Counties	122,982	3	18.16%	122,356	3	18.00%	121,282	3	17.86%
Schools	132,132	2	19.51%	133,876	2	19.69%	136,203	2	20.05%
Miscellaneous	98,283	4	14.51%	100,052	4	14.72%	100,684	4	14.82%
Towns	47,567	5	7.02%	47,743	5	7.02%	48,610	5	7.16%
Cities	31,406	6	4.64%	31,326	6	4.61%	31,186	6	4.59%
Villages	18,512	7	2.73%	18,592	7	2.73%	18,697	7	2.75%
Total	677,321		100.00%	679,908		100.00%	679,217		100.00%

Source: New York State and Local Retirement System

Notes:

Total includes inactive members identified with their last employer as active members.

Please see www.osc.state.ny.us/retire/publications/index.htm for more information.

2004			2005			2006			2007		
Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
213,539	1	33.28%	214,937	1	33.18%	216,996	1	33.17%	221,515	1	33.43%
123,328	3	19.22%	123,839	3	19.12%	121,322	3	18.54%	121,817	3	18.38%
123,616	2	19.26%	126,068	2	19.46%	126,925	2	19.40%	128,518	2	19.40%
88,249	4	13.75%	89,285	4	13.79%	93,327	4	14.26%	95,262	4	14.38%
44,072	5	6.87%	44,778	5	6.91%	45,654	5	7.13%	46,284	5	6.98%
31,307	6	4.88%	31,092	6	4.80%	31,038	6	4.74%	31,049	6	4.69%
17,610	7	2.74%	17,759	7	2.74%	18,029	7	2.76%	18,188	7	2.74%
641,721		100.00%	647,758		100.00%	653,291		100.00%	662,633		100.00%



STATE OF NEW YORK
Office of the State Comptroller

Organization

THOMAS P. DiNAPOLI
Comptroller

Mary Louise Mallick
First Deputy Comptroller

Shawn Thompson
Executive Director, Executive Operations

Margaret Becker
Deputy Comptroller
Contracts and Expenditures

Angela Dixon
Deputy Comptroller
Human Resources
and Administration

Kevin Murray
Deputy Comptroller
Retirement Services

Kevin Belden
Deputy Comptroller
Chief Information Officer

Raudline Etienne
Chief Investment Officer
Pension, Investments and
Cash Management

Thomas Nitido
Deputy Comptroller
Budget and Policy Analysis

Daniel Berry
Deputy Comptroller
Payroll, Accounting
and Revenue Services

Celia Gonzalez
Deputy Comptroller
Diversity Programs

Mark Pattison
Executive Deputy Comptroller
State and Local Government
Accountability

Luke Bierman
General Counsel

Steven Hancox
Deputy Comptroller
Local Government and
School Accountability

Joan Sullivan
Executive Deputy Comptroller
Office of Operations

Kenneth Bleiwas
Deputy Comptroller
Office of the State Deputy
Comptroller for NYC

George King
Inspector General

Dennis Tompkins
Deputy Comptroller
Communications

Division of Payroll, Accounting and Revenue Services

Bureau of Financial Reporting and Oil Spill Remediation

Executive Director:
David Hasso, CPA, CGFM

Supervising Accountants:
Michael Mezz, CGFM
Maureen Shaw

Associate Examiner:
Daniel Duffy

Assistant Director:
Suzette Barsoun Baker,
CPA, CGFM

Associate Accountants:
Donna Greenberg, CPA, CGFM
Jennifer Hallanan, CGFM

State Program Examiner:
Paul Kosachiner,
CIA, CMS, CGAP, APS

Assistant Chief Accountant:
Timothy Reilly, Esq., CPA

Maria Moran, CPA
Sandra Trzcinski, CGAP, APM

Student Intern:
Max Petraglia

Manager:
Deidre Clark

Accountant Aide:
Mary Helen Ryder

Bureau of State Accounting Operations

Director:
Thomas Mahoney

Managers:
Peter Clark
Debbie Hilson
H. Michael Luft
William McCormick

Assistant Director:
Melody Goetz

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 06/09/2012.

DUNS: 360744247

DUNS PLUS4:

CAGE/NCAGE: 6ES14

Legal Business Name: SECRETARY OF STATE, OHIO

Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 180 E BROAD ST 16TH FL

Physical Street Address 2:

Physical City: COLUMBUS

Physical State: OH

Physical Foreign Province:

Physical Zip/Postal Code: 43215-3726

Physical Country: USA

Mailing Name: SECRETARY OF STATE, OHIO

Mailing Street Address 1: 180 E BROAD ST 16TH FL

Mailing Street Address 2:

Mailing City: COLUMBUS

Mailing State: OH

Mailing Foreign Province:

Mailing Zip/Postal Code: 43215-3726

Mailing Country: USA

Business Start Date: 03/01/1803

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: PETER GRAYBEAL

Address Line 1: 180 E. BROAD ST., 17TH FLOOR

Address Line 2:

City: COLUMBUS

Government Business Alternate POC

Name: RYAN FRAZEE

Address Line 1: 180 E. BROAD ST., 17TH FLOOR

Address Line 2:

City: COLUMBUS

State: OH
Foreign Province:
Zip/Postal Code: 43215
Country: USA
U.S. Phone: 614-466-2440
Non-U.S. Phone:
Fax: 614-485-7555

State: OH
Foreign Province:
Zip/Postal Code: 43220
Country: USA
U.S. Phone: 614-466-1309
Non-U.S. Phone:
Fax: 614-485-7656

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: MATT MASTERSON
Address Line 1: 180 E. BROAD ST., 15TH FLOOR
Address Line 2:
City: COLUMBUS
State: OH
Foreign Province:
Zip/Postal Code: 43215
Country: USA
U.S. Phone: 614-728-9132
Non-U.S. Phone:
Fax: 614-485-7071

Electronic Business Alternate POC

Name: RYAN FRAZEE
Address Line 1: 180 E. BROAD ST., 17TH FLOOR
Address Line 2:
City: COLUMBUS
State: OH
Foreign Province:
Zip/Postal Code: 43215
Country: USA
U.S. Phone: 614-466-1309
Non-U.S. Phone:
Fax: 614-485-7555



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POLICY-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Dayton 1725 Van Patton Drive, Area C, Bldg 30 Wright-Patterson AFB, OH 45433-5302	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Ohio Secretary of State 180 East Broad Street, 16 th Floor Columbus, OH 43215-3726 POC: Mr. Matthew Masterson ((614) 728-9132	4a. AWARD NUMBER H98210-12-1-0002	5a. FACE VALUE \$1,856,000.00
	4b. AWARD DATE 31 October 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 October 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 31 OCT 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
--	--	--

* 3. Date Received: Completed by Grants.gov upon submission	4. Applicant Identifier: Ohio Secretary of State
--	---

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
---	--

State Use Only:

6. Date Received by State: _____	7. State Application Identifier: _____
----------------------------------	--

8. APPLICANT INFORMATION:

* a. Legal Name: Ohio Secretary of State
--

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
--	--------------------------------------

d. Address:

* Street1: 180 E. Broad St.
Street2: 15th Floor
* City: Columbus
County/Parish: _____
* State: OH: Ohio
Province: _____
* Country: USA: UNITED STATES
* Zip / Postal Code: 43215-3726

e. Organizational Unit:

Department Name: Secretary of State	Division Name: Elections
-------------------------------------	--------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr.	* First Name: Matthew
Middle Name: _____	
* Last Name: Masterson	
Suffix: _____	

Title: Deputy Elections Administrator

Organizational Affiliation:

* Telephone Number: 614-728-9132	Fax Number: _____
----------------------------------	-------------------

* Email: mmasterson@ohiosecretaryofstate.gov
--

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):



*** 15. Descriptive Title of Applicant's Project:**

Simplifying the process for UOCAVA voters through innovative technology and data collection

Attach supporting documents as specified in agency instructions.



Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,856,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,856,000.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

- Yes
- No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

* Applicant Organization Name:

Ohio Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix:

* First Name: Matthew

Middle Name:

* Last Name: Masterson

Suffix:

Title: Deputy Elections Administrator

Organizational Affiliation:

Employee

* Street1: 180 E. Broad St.

Street2: Floor 15

* City: Columbus

County:

* State: OH: Ohio

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 43215

* Telephone Number: 614-728-9132

Fax:

* Email: mmasterson@ohiosecretaryofstate.gov



BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Electronic Absentee Systems for Elections	12.217	\$ 1,856,000.00	\$	\$	\$	\$ 1,856,000.00
2.						
3.						
4.						
5. Totals		\$ 1,856,000.00	\$	\$	\$	\$ 1,856,000.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Electronic Absentee Systems for Elections				
a. Personnel	\$ 37,500.00	\$	\$	\$	\$ 37,500.00
b. Fringe Benefits	0.00				
c. Travel	13,750.00				13,750.00
d. Equipment	495,000.00				495,000.00
e. Supplies	5,450.00				5,450.00
f. Contractual	1,304,300.00				1,304,300.00
g. Construction	0.00				
h. Other	0.00				
i. Total Direct Charges (sum of 6a-6h)	1,856,000.00				\$ 1,856,000.00
j. Indirect Charges	0.00				\$
k. TOTALS (sum of 6i and 6j)	\$ 1,856,000.00	\$	\$	\$	\$ 1,856,000.00
7. Program Income	\$ 0.00	\$	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A -102) Page 1A

SECTION C - NON-FEDERAL RESOURCES

	(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.		\$	\$	\$	\$
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$	\$	\$	\$	\$
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

	(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
		(b) First	(c) Second	(d) Thrd	(e) Fourth
16.	Electronic Absentee Systems for Elections	\$ 1,856,000.00	\$	\$	\$
17.					
18.					
19.					
20. TOTAL (sum of lines 16 - 19)		\$ 1,856,000.00	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
---------------------	--	-----------------------	--

23. Remarks: Online Ballot delivery vendor will be selected post-grant award through a competitive bid process. All cost projections are estimates.

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB
0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

4. Name and Address of Reporting Entity:

Prime SubAwardee

* Name:

* Street 1: Street 2:

* City: State: Zip:

Congressional District, if known:

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: <input type="text" value="Federal Voting Assistance Program"/>	7. * Federal Program Name/Description: <input type="text" value="Electronic Absentee Systems for Elections"/> CFDA Number, if applicable: <input type="text" value="12.217"/>
--	--

8. Federal Action Number, if known: <input type="text"/>	9. Award Amount, if known: \$ <input type="text"/>
--	--

10. a. Name and Address of Lobbying Registrant:

Prefix * First Name Middle Name

* Last Name Suffix

* Street 1: Street 2:

* City: State: Zip:

b. Individual Performing Services (including address if different from No. 10a)

Prefix * First Name Middle Name

* Last Name Suffix

* Street 1: Street 2:

* City: State: Zip:

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* Signature:

* Name: Prefix * First Name Middle Name

* Last Name Suffix

Title: Telephone No.: Date:

Key Contacts Form

* Applicant Organization Name:

Ohio Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix:

* First Name: Matthew

Middle Name:

* Last Name: Masterson

Suffix:

Title: Deputy Elections Administrator

Organizational Affiliation:

Employee

* Street1: 180 E. Broad St.

Street2: Floor 15

* City: Columbus

County:

* State: OH: Ohio

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 43215

* Telephone Number: 614-728-9132

Fax:

* Email: mmasterson@sos.state.oh.us

Key Contacts Form

* Applicant Organization Name:

Ohio Secretary of State

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Ryan

Middle Name:

* Last Name: Frazee

Suffix:

Title:

Organizational Affiliation:

* Street1: 180 E. Broad St.

Street2: 17th Floor

* City: Columbus

County:

* State: OH: Ohio

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 43215

* Telephone Number: 614-485-7656

Fax:

* Email: rfrazee@sos.state.oh.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/12/2011"/>	4. Applicant Identifier: <input type="text" value="Ohio Secretary of State"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="180 E. Broad St."/>
Street2:	<input type="text" value="2nd Floor"/>
* City:	<input type="text" value="Columbus"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="OH: Ohio"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="43215-3726"/>

e. Organizational Unit:

Department Name: <input type="text" value="Secretary of State"/>	Division Name: <input type="text" value="Elections"/>
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Matthew"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Masterson"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="614-728-9132"/>	Fax Number: <input type="text"/>
---	----------------------------------

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Simplifying the process for UOCAVA voters through innovative technology and data collection

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,906,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,906,000.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Electronic Absentee Systems for Elections	12.217	\$ 1,906,000.00	\$	\$	\$
2.					
3.					
4.					
5. Totals		\$ 1,906,000.00	\$	\$	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee Systems for Elections			
a. Personnel	\$ 37,500.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	13,750.00			
d. Equipment	495,000.00			
e. Supplies	5,450.00			
f. Contractual	1,354,300.00			
g. Construction	0.00			
h. Other	0.00			
i. Total Direct Charges (sum of 6a-6h)	1,906,000.00			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 1,906,000.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. Electronic Absentee Systems for Elections	\$ <input type="text" value="1,906,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="1,906,000.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. materiel change
--	--	--

4. Name and Address of Reporting Entity:

Prime SubAwardee

* Name:

* Street 1: Street 2:

* City: State: Zip:

Congressional District, if known:

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: <input type="text" value="Federal Voting Assistance Program"/>	7. * Federal Program Name/Description: <input type="text" value="Electronic Absentee Systems for Elections"/> CFDA Number, if applicable: <input type="text" value="12.217"/>
--	--

8. Federal Action Number, if known: <input type="text"/>	9. Award Amount, if known: \$ <input type="text"/>
--	--

10. a. Name and Address of Lobbying Registrant:

Prefix: * First Name: Middle Name:

* Last Name: Suffix:

* Street 1: Street 2:

* City: State: Zip:

b. Individual Performing Services (including address if different from No. 10a)

Prefix: * First Name: Middle Name:

* Last Name: Suffix:

* Street 1: Street 2:

* City: State: Zip:

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* Signature:

* Name: Prefix: * First Name: Middle Name:

* Last Name: Suffix:

Title: Telephone No.: Date:



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa, FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0002 with Ohio Secretary of State

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the Ohio Secretary of State is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0006-000 (dated 21 October 2011) was received in the amount of **\$1,856,000.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 28 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B: BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ 37,500.00	\$ -	\$ 37,500.00
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ 13,750.00	\$ -	\$ 13,750.00
Equipment	\$ 495,000.00	\$ -	\$ 495,000.00
Supplies	\$ 5,450.00	\$ -	\$ 5,450.00
Contractual	\$ 1,354,300.00	\$ -	\$ 1,354,300.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 1,906,000.00	\$ -	\$ 1,906,000.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 1,906,000.00	\$ -	\$ 1,906,000.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis. Based on discussions related to the Recipient's initial proposed budget, the Recipient submitted a revised budget on 28 September 2011. Removal of \$50,000 line item from travel/overhead category listed on page 7 of the cost proposal under "software licenses, help desk, count. support". We were able to remove the full amount because we do not believe it will be necessary given our current agreement with OVF.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ 37,500.00	2.02%
Fringe Benefits	\$ -	0.00%
Travel	\$ 13,750.00	0.74%
Equipment	\$ 495,000.00	26.67%
Supplies	\$ 5,450.00	0.29%
Contractual	\$ 1,304,300.00	70.27%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 1,856,000.00	
Indirect Charges	\$ -	
TOTAL	\$ 1,856,000.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Lathrop will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 09 June 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that **H98210-12-1-0002** with the Ohio Secretary of State in the amount of **\$1,856,000.00** be approved in its final form.

DATE: **31 October 2011**

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

26 September 2011

Via Email:

mmasterson@sos.state.oh.us

Mr. Matthew Masterson
180 E. Broad St, Floor 15
Columbus, Ohio 43215

Dear Mr. Masterson:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 28 September 2011. The scheduled time to commence is at 10:00 AM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Could we review contractor and direct costs in areas that we could greater economies?
2. Please provide specific data points and information that you will report to demonstrate the proposed effectiveness of the research.

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

You and your staff are reminded that there is no guarantee that the Government will fully fund the proposed grant. There is also no guarantee that the results of these discussions will effect a valid grant award. Therefore, you and your staff are hereby cautioned that there shall be no public release of grant award from your office, until the Government has made a public announcement of all grants awarded.

(b) (6)

A large black rectangular redaction box covers the signature area of the document.

Robert J. Lavelle
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0002

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0002.

(NAME)

(SIGNATURE)

(DATE)

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 01/11/2013.

DUNS: 179195909

DUNS PLUS4:

CAGE/NCAGE: 6FNLO

Legal Business Name: OKALOOSA, COUNTY OF

Doing Business As (DBA): SUPERVISOR OF ELECTIONS

Division Name:

Division Number:

Company URL: <http://www.govote-okaloosa.com>

Physical Street Address 1: 302 WILSON STREET NORTH STE 102

Physical Street Address 2:

Physical City: CRESTVIEW

Physical State: FL

Physical Foreign Province:

Physical Zip/Postal Code: 32536-3474

Physical Country: USA

Mailing Name: OKALOOSA COUNTY SUPERVISOR OF ELECTIONS

Mailing Street Address 1: 302 WILSON ST. N

Mailing Street Address 2: SUITE 102

Mailing City: CRESTVIEW

Mailing State: FL

Mailing Foreign Province:

Mailing Zip/Postal Code: 32536-3474

Mailing Country: USA

Business Start Date: 09/07/1915

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: PAUL LUX

Address Line 1: 302 WILSON ST. N

Address Line 2: SUITE 102

City: CRESTVIEW

Government Business Alternate POC

Name: SHIRLEY YOUNG

Address Line 1: 302 WILSON ST. N

Address Line 2: SUITE 102

City: CRESTVIEW

State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: PAUL LUX
Address Line 1: 302 WILSON ST. N
Address Line 2: SUITE 102
City: CRESTVIEW
State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

Electronic Business Alternate POC

Name: SHIRLEY YOUNG
Address Line 1: 302 WILSON ST. N
Address Line 2: SUITE 102
City: CRESTVIEW
State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDAA 2010 Sec 589, Executive Order Executive Order 12842, 10 U.S.C. 2358.

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA)
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and/or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372.

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110.

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant), FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151):

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2481 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals

Reporting Period ()	Military		Civilian		
	<u>Domestic</u>	<u>Overseas</u>	<u>Domestic</u>	<u>Overseas</u>	Total
Registered Voters as of book closing					
Total UOCAVA voters					

AB REQUESTS							
	Military		Civilian		Total	Accepted	Rejected
	<u>Domestic</u>	<u>Overseas</u>	<u>Domestic</u>	<u>Overseas</u>			
Total Absentee Requests Received before 45 days prior to the election							
Email							
*FPCA							
In Person							
Mail							
Phone							
Web (not funded)							
Funded Program							
Total AB Requests Received							
					Total	Accepted	Rejected
Total Absentee Requests Received after 45 days prior to the election							
Email							
**FPCA							
In Person							
Mail							
Phone							
Web (not funded)							
Funded Program							
Total AB Requests Received							
					Total	Accepted	Rejected
*Total UOCAVA FPCA Absentee Requests Received before 45 days prior to the election							
Email							
In Person							
Mail							
Phone							
Web (not funded)							
Funded Program							
Total UOCAVA FPCA AB Requests Received							
					Total	Accepted	Rejected
**Total UOCAVA FPCA Absentee Requests Received after 45 days prior to the election							
Email							
In Person							
Mail							
Phone							
Web (not funded)							
Funded Program							
Total UOCAVA FPCA AB Requests Received							

	Military		Civilian		Total	Accepted	Rejected	
	Domestic	Overseas	Domestic	Overseas				
Total UOCAVA Non-FPCA Absentee Requests Received before 45 days prior to the election								
Email								
In Person								
Mail								
Phone								
Web (not funded)								
Funded Program								
Total UOCAVA Non-FPCA AB Requests Received								
						Total	Accepted	Rejected
Total UOCAVA Non-FPCA Absentee Requests Received after 45 days prior to the election								
Email								
In Person								
Mail								
Phone								
Web (not funded)								
Funded Program								
Total UOCAVA Non-FPCA AB Requests Received								
AB Requests Rejected	Military		Civilian		Reasons for Rejection			
	Domestic	Overseas	Domestic	Overseas				
UOCAVA FPCA AB Requests					Valid but received after jurisdiction's registration deadline			
UOCAVA FPCA AB Requests					Invalid - rejected due to another reason (such as wrong jurisdiction or incomplete)			
UOCAVA non-FPCA AB Requests					Valid but received after jurisdiction's registration deadline			
UOCAVA non-FPCA AB Requests					Invalid - rejected due to another reason (such as wrong jurisdiction or incomplete)			

Transmitted Absentee Ballots								
	Military		Civilian		Total			
	Domestic	Overseas	Domestic	Overseas				
Regular Absentee Ballots								
Postal Mail								
Counter Absentee								
Fax								
E-mail								
Funded Program								
Total Regular Absentee Ballots								
UOCAVA Absentee Ballots								
Postal Mail								
Counter Absentee								
Fax								
E-mail								
Funded Program								
Total UOCAVA Absentee Ballots								
Total								
Returned as Undeliverable Absentee Ballots								
						Total		
Regular Absentee Ballots								
Postal Mail								
Total Regular Absentee Ballots								
UOCAVA Absentee Ballots								
Postal Mail								
Total UOCAVA Absentee Ballots								
Total								
Cast Ballots								
						Total	Accepted	Rejected
Regular Absentee Ballots								
Postal Mail								
Fax								
E-mail								
Online Submission								
Funded Program								
Total Regular Absentee Ballots								
UOCAVA Absentee Ballots								
Postal Mail								
Fax								
E-mail								
Online Submission								
Funded Program								
Total UOCAVA Absentee Ballots								
FWAB Absentee Ballots								
Postal Mail								
Fax								
E-mail								
Online Submission								
Total FWAB Absentee Ballots								
Total								

Absentee Ballots	Military		Civilian		Reasons for Rejection
	Domestic	Overseas	Domestic	Overseas	
Regular Absentee Ballots					Valid but received after jurisdiction's registration deadline
Regular Absentee Ballots					Invalid - rejected due to another reason (such as invalid signature)
UOCAVA Absentee Ballots					Valid but received after jurisdiction's registration deadline
UOCAVA Absentee Ballots					Invalid - rejected due to another reason (such as invalid signature)
FWAB Absentee Ballots					Valid but received after jurisdiction's registration deadline
FWAB Absentee Ballots					Invalid - rejected due to another reason (such as invalid signature)

DELEGATION LETTER OF POWERS - AWARD ADMINISTRATION - FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Orlando 3555 Maguire Boulevard Orlando, FL 32803-3726		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Okaloosa 302 Wilson Street North, Suite 102 Crestview, FL 32536-3474 POC: Mr. Paul Lux (850) 689-5600	4a. AWARD NUMBER H98210-12-1-0007	5a. FACE VALUE \$1,639,878.00	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 09 November 2011	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 08 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358, a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	1(b) (6)	15. DATE SIGNED 09 NOV 2011
--	----------	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: Lynn Spinato TITLE: AGO/ACO
 TELEPHONE: 954-217-6057 FAX NO: 954-217-8576
 E-MAIL: Lynn.Spinato@dcma.mil

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

DELEGATION LETTER OF POLICY AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Orlando 3555 Maguire Boulevard Orlando, FL 32803-3726	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Okaloosa 302 Wilson Street North, Suite 102 Crestview, FL 32536-3474 POC: Mr. Paul Lux (850) 689-5600	4a. AWARD NUMBER H98210-12-1-0007	5a. FACE VALUE \$1,639,878.00
	4b. AWARD DATE 09 November 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 08 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.
10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.
11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.
12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 09 NOV 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Okaloosa County Supervisor of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix:

* First Name: Paul

Middle Name:

* Last Name: Lux

Suffix:

Title: Supervisor of Elections

Organizational Affiliation:

Okaloosa County Supervisor of Elections Office

* Street1: 302 Wilson St. North

Street2: Suite 102

* City: Crestview

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32536-3474

* Telephone Number: 850-689-5600

Fax:

* Email: paul@co.okaloosa.fl.us

Key Contacts Form

* Applicant Organization Name:

Okaloosa County Supervisor of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Shirley

Middle Name:

* Last Name: Young

Suffix:

Title: Chief Deputy for Operations

Organizational Affiliation:

Okaloosa County Supervisor of Elections Office

* Street1: 302 Wilson St. North

Street2: Suite 102

* City: Crestview

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32536-3474

* Telephone Number: 850-689-5600

Fax:

* Email: syoung@co.okaloosa.fl.us

Application for Federal Assistance SF-424

^ 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	^ 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/>
		* Other (Specify): <input type="text"/>

* 3. Date Received: <input type="text" value="07/11/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="302 Wilson St. North, Suite 102"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Crestview"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="FL: Florida"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="32546-3474"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Paul"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Lux"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="850-689-5600"/>	Fax Number: <input type="text" value="850-689-5644"/>
---	---

* Email:

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

B: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

Other (specify):

10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

L2.217

CFDA Title:

Electronic Absentee Systems for Elections

12. Funding Opportunity Number:

H98210-BAA-11-0001

Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

OMYV Consortium Contact Information Congres

Add Attachment

Delete Attachment

View Attachment

15. Descriptive Title of Applicant's Project:

Florida Multi-County Absentee Ballot Delivery Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,596,678.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,596,678.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

- Yes
- No

If "Yes", provide explanation and attach

21. "By signing this application, I certify (1) to the statements contained in the list of certifications" and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances" and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Florida Multi-County Absentee Ballot Delivery Project	12.217	\$	\$	\$ 1,639,878.00	\$
2.					
3.					
4.					
5. Totals		\$	\$	\$ 1,639,878.00	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Florida Multi-County Absentee Ballot Delivery Project			
a. Personnel	\$ 0.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	0.00			
d. Equipment	62,200.00			
e. Supplies	88,728.00			
f. Contractual	1,444,200.00			
g. Construction	0.00			
h. Other	44,750.00			
i. Total Direct Charges (sum of 6a-6h)	1,639,878.00			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 1,639,878.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other Source
8.	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)		\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter
13. Federal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y)		
	(b) First	(c) Second	(d) Third
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa, FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0007 with the County of Okaloosa (Florida)

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the County of El Dorado (California) is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0004-000 (dated 21 October 2011) was received in the amount of **\$1,639,878.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 21 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements) will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative Grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal will be incorporated by reference into the Grant award.

Discussions continued during the period of 1-4 November, regarding the Recipient's acceptance of Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports. As a result, the Effective Date of Award was negotiated as 09 November 2011, pending acceptance of the terms and conditions by the Recipient.

TAB A11 – On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ 62,200.00	\$ -	\$ 62,200.00
Supplies	\$ 88,728.00	\$ -	\$ 88,728.00
Contractual	\$ 1,444,200.00	\$ -	\$ 1,444,200.00
Construction	\$ -	\$ -	\$ -
Other	\$ 44,750.00	\$ -	\$ 44,750.00
Total Direct Charges	\$ 1,639,878.00	\$ -	\$ 1,639,878.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 1,639,878.00	\$ -	\$ 1,639,878.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ 62,200.00	3.79%
Supplies	\$ 88,728.00	5.41%
Contractual	\$ 1,444,200.00	88.07%
Construction	\$ -	0.00%
Other	\$ 44,750.00	2.73%
Total Direct Charges	\$ 1,639,878.00	
Indirect Charges	\$ -	
TOTAL	\$ 1,639,878.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has proposed indirect rates in accordance with its financial standards, and is acceptable. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Orlando will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 30 June 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Agreement. It is therefore recommended that H98210-12-1-0007 with the County of Okaloosa (Florida) in the amount of \$1,639,878.00 be approved in its final form.

DATE: 09 November 2011

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22304-0001

22 September 2011

Via Email:

plux@co.okaloosa.fl.us

Mr. Paul Lux
Supervisor of Elections
Okaloosa County
302 Wilson St. North
Crestview, FL 32536-3474

Dear Mr. Lux:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization.

At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 26 September 2011. The scheduled time to commence is at 10:00 AM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Please provide a more detailed plan of action for how this outreach will be implemented.
2. In the Budget Proposal you outline licensing subcontracts and sub-awards. How do they correspond to the research outlined in the technical proposal?
3. Please describe the relationship between this grant application and your other grant application. Is there overlap between the two?
4. This is a thirteen county consortium with the Okaloosa County taking full responsibility as a program and fiscal agent of the proposed grant project. What is the management plan to ensure that the other jurisdictions meet their grant obligations?

5. Part II, Section I.A 5-Innovation of the BAA specifically states: "Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections." Please clarify whether the electronic return of ballots via secure email research mentioned in the Technical Proposal will be used in an actual election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@usd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

09 November 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0007

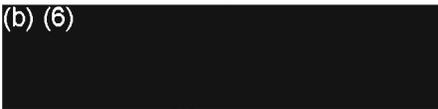
1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0007.

(NAME)

(SIGNATURE)

(DATE)

Florida Multi-County Participants	Congressional District(s)
<p>Baker County 32 N 5th St, Ste A Macclenny FL 32063 (904) 259-6339</p> <p>POC: Nita Crawford <i>nitac@bakercountyfl.org</i></p>	<p>FL-004</p>
<p>Bay County 830 W 11th St Panama City FL 32401 (850) 784-6100</p> <p>POC: Mark Andersen <i>baysuper@bayvotes.org</i></p>	<p>FL-002</p>
<p>Bradford County 945 N Temple Ave., Ste C Starke FL 32091 (904) 966-6266</p> <p>POC: Terry Vaughan <i>terry_vaughan@bradfordcountyfl.gov</i></p>	<p>FL-006</p>
<p>Clay County 1417-1 S Orange Ave. Green Cove Springs FL 32043 (904) 269-6350</p> <p>POC: Chris Chambless <i>CChambless@ClayElections.com</i></p>	<p>FL-003 FL-006</p>
<p>Duval County 105 E Monroe St Jacksonville FL 32202 (904) 630-1414</p> <p>POC: Jerry Holland <i>jholland@coj.net</i></p>	<p>FL-003 FL-004 FL-006</p>
<p>Escambia County 213 Palafox Place Pensacola FL 32502 (850) 595-3900</p> <p>POC: David Stafford <i>dstafford@escambivotes.com</i></p>	<p>FL-001</p>

<p>Leon County 315 S Calhoun St, Ste 110 Tallahassee FL 32301 (850) 606-8683</p> <p>POC: Ion Sancho <i>ion@leoncountyfl.gov</i></p>	<p>FL-002 FL-004</p>
<p>Nassau County 96135 Nassau Place, Ste 3 Yulee FL 32097 (904) 491-7500</p> <p>POC: Vicki Cannon <i>vcannon@votenassau.com</i></p>	<p>FL-004</p>
<p>Okaloosa County 302 Wilson St. N, Ste 102 Crestview FL 32536 (850) 689-5600</p> <p>POC: Paul Lux <i>plux@co.okaloosa.fl.us</i></p>	<p>FL-001 FL-002</p>
<p>Pinellas County 13001 Starkey Rd Largo FL 33773 (727) 464-6108</p> <p>POC: Deb Clark <i>dclark@votepinellas.com</i></p>	<p>FL-009 FL-010 FL-011</p>
<p>Putnam County 2509 Crill Ave, Ste 900 Palatka FL 32177 (386) 329-0224</p> <p>POC: Susan McCool <i>mccool@putnam-fl.com</i></p>	<p>FL-003 FL-007</p>
<p>Sarasota County 101 S Washington Blvd Sarasota FL 34230 (941) 861-8600</p> <p>POC: Kathy Dent <i>kdent@sarasotavotes.com</i></p>	<p>FL-013</p>

Wakulla County

3115-B Crawfordville Hwy
Crawfordville FL 32327
(850) 926-7575

POC: Henry "Buddy" Wells
hwells@mywakulla.com

FL-002

Florida Multi-County Participants	Congressional District(s)
<p>Baker County 32 N 5th St, Ste A Macclenny FL 32063 (904) 259-6339</p> <p>POC: Nita Crawford <i>nitac@bakercountyfl.org</i></p>	<p>FL-004</p>
<p>Bay County 830 W 11th St Panama City FL 32401 (850) 784-6100</p> <p>POC: Mark Andersen <i>baysuper@bayvotes.org</i></p>	<p>FL-002</p>
<p>Bradford County 945 N Temple Ave., Ste C Starke FL 32091 (904) 966-6266</p> <p>POC: Terry Vaughan <i>terry_vaughan@bradfordcountyfl.gov</i></p>	<p>FL-006</p>
<p>Clay County 1417-1 S Orange Ave. Green Cove Springs FL 32043 (904) 269-6350</p> <p>POC: Chris Chambless <i>CChambless@ClayElections.com</i></p>	<p>FL-003 FL-006</p>
<p>Duval County 105 E Monroe St Jacksonville FL 32202 (904) 630-1414</p> <p>POC: Jerry Holland <i>jholland@coj.net</i></p>	<p>FL-003 FL-004 FL-006</p>
<p>Escambia County 213 Palafox Place Pensacola FL 32502 (850) 595-3900</p> <p>POC: David Stafford <i>dstafford@escambivotes.com</i></p>	<p>FL-001</p>

<p>Leon County 315 S Calhoun St, Ste 110 Tallahassee FL 32301 (850) 606-8683</p> <p>POC: Ion Sancho <i>ion@leoncountyfl.gov</i></p>	<p>FL-002 FL-004</p>
<p>Nassau County 96135 Nassau Place, Ste 3 Yulee FL 32097 (904) 491-7500</p> <p>POC: Vicki Cannon <i>vcannon@votenassau.com</i></p>	<p>FL-004</p>
<p>Okaloosa County 302 Wilson St. N, Ste 102 Crestview FL 32536 (850) 689-5600</p> <p>POC: Paul Lux <i>plux@co.okaloosa.fl.us</i></p>	<p>FL-001 FL-002</p>
<p>Pinellas County 13001 Starkey Rd Largo FL 33773 (727) 464-6108</p> <p>POC: Deb Clark <i>dclark@votepinellas.com</i></p>	<p>FL-009 FL-010 FL-011</p>
<p>Putnam County 2509 Crill Ave, Ste 900 Palatka FL 32177 (386) 329-0224</p> <p>POC: Susan McCool <i>mccool@putnam-fl.com</i></p>	<p>FL-003 FL-007</p>
<p>Sarasota County 101 S Washington Blvd Sarasota FL 34230 (941) 861-8600</p> <p>POC: Kathy Dent <i>kdent@sarasotavotes.com</i></p>	<p>FL-013</p>

Wakulla County

3115-B Crawfordville Hwy
Crawfordville FL 32327
(850) 926-7575

POC: Henry "Buddy" Wells
hwells@mywakulla.com

FL-002



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 01/11/2013.

DUNS: 179195909

DUNS PLUS4:

CAGE/NCAGE: 6FNLO

Legal Business Name: OKALOOSA, COUNTY OF
Doing Business As (DBA): SUPERVISOR OF ELECTIONS

Division Name:

Division Number:

Company URL: <http://www.govote-okaloosa.com>

Physical Street Address 1: 302 WILSON STREET NORTH STE 102

Physical Street Address 2:

Physical City: CRESTVIEW

Physical State: FL

Physical Foreign Province:

Physical Zip/Postal Code: 32536-3474

Physical Country: USA

Mailing Name: OKALOOSA COUNTY SUPERVISOR OF ELECTIONS

Mailing Street Address 1: 302 WILSON ST. N

Mailing Street Address 2: SUITE 102

Mailing City: CRESTVIEW

Mailing State: FL

Mailing Foreign Province:

Mailing Zip/Postal Code: 32536-3474

Mailing Country: USA

Business Start Date: 09/07/1915

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921110 - Executive Offices

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921110	Executive Offices	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: PAUL LUX

Address Line 1: 302 WILSON ST. N

Address Line 2: SUITE 102

City: CRESTVIEW

Government Business Alternate POC

Name: SHIRLEY YOUNG

Address Line 1: 302 WILSON ST. N

Address Line 2: SUITE 102

City: CRESTVIEW

State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: PAUL LUX
Address Line 1: 302 WILSON ST. N
Address Line 2: SUITE 102
City: CRESTVIEW
State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644

Electronic Business Alternate POC

Name: SHIRLEY YOUNG
Address Line 1: 302 WILSON ST. N
Address Line 2: SUITE 102
City: CRESTVIEW
State: FL
Foreign Province:
Zip/Postal Code: 32536-3474
Country: USA
U.S. Phone: 850-689-5600
Non-U.S. Phone:
Fax: 850-689-5644



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151):

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION - FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Orlando 3555 Maguire Boulevard Orlando, FL 32803-3726	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Okaloosa 302 Wilson Street North, Suite 102 Crestview, FL 32536-3474 POC: Mr. Paul Lux (850) 689-5600	4a. AWARD NUMBER H98210-12-1-0013 4b. AWARD DATE 03 January 2012	5a. FACE VALUE \$242,531.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 31 December 2012

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 27 Dec 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____
 TELEPHONE: _____ FAX NO: _____
 E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

APPLICABLE TO
THIS INSTRUMENT

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U.S.C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DIIIRA Grants Officer hereby request that your office perform a post-award conference and provide DIIIRA with the minutes of the conference. The DIIIRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Okaloosa County Supervisor of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix:

* First Name: Paul

Middle Name:

* Last Name: Lux

Suffix:

Title: Supervisor of Elections

Organizational Affiliation:

Okaloosa County Supervisor of Elections Office

* Street1: 302 Wilson St. North

Street2: Suite 102

* City: Crestview

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32536-3474

* Telephone Number: 850-689-5600

Fax:

* Email: plux@co.okaloosa.fl.us

Key Contacts Form

* Applicant Organization Name:

Okaloosa County Supervisor of Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Shirley

Middle Name:

* Last Name: Young

Suffix:

Title: Chief Deputy for Operations

Organizational Affiliation:

Okaloosa County Supervisor of Elections Office

* Street1: 302 Wilson St. North

Street2: Suite 102

* City: Crestview

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32536-3474

* Telephone Number: 850-689-5600

Fax:

* Email: syoung@co.okaloosa.fl.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
---	---	--

* 3. Date Received: 07/13/2011	4. Applicant Identifier: _____
--	--

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
--	---

State Use Only:

6. Date Received by State: _____	7. State Application Identifier: _____
---	---

8. APPLICANT INFORMATION:

*** a. Legal Name:** Okaloosa County Supervisor of Elections

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)	* c. Organizational DUNS: (b) (4)
---	---

d. Address:

* Street1: 302 Wilson St. North, Suite 102
Street2: _____
* City: Crestview
County/Parish: _____
* State: FL: Florida
Province: _____
* Country: USA: UNITED STATES
* Zip / Postal Code: 32536-3474

e. Organizational Unit:

Department Name: _____	Division Name: _____
----------------------------------	--------------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: _____	* First Name: Paul
Middle Name: _____	
* Last Name: Lux	
Suffix: _____	

Title: Supervisor of Elections

Organizational Affiliation:

* Telephone Number: 850-689-5600	Fax Number: 850-689-5644
---	---------------------------------

*** Email:** plux@co.okaloosa.fl.us

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

12. Funding Opportunity Number:

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

15. Descriptive Title of Applicant's Project:

Okaloosa County UOCAVA Voter Web Portal Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="242,531.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="242,531.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Okaloosa County UOCAVA Voter Web Portal Project	12.217	\$ <input type="text"/>	\$ <input type="text"/>	\$ 242,531.00	\$ <input type="text"/>
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Totals		\$ <input type="text"/>	\$ <input type="text"/>	\$ 242,531.00	\$ <input type="text"/>

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Okaloosa County UOCAVA Voter Web Portal Project			
a. Personnel	\$ 0.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	0.00			
d. Equipment	0.00			
e. Supplies	0.00			
f. Contractual	242,531.00			
g. Construction	0.00			
h. Other	0.00			
i. Total Direct Charges (sum of 6a-6h)	242,531.00			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 242,531.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)		\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qu
13. Federal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

03 January 2012

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0013

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

(a) Copy of Designation Letter;

(b) Copy of Grant and Modifications; and

(c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE:

Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: 1198210-12-1-0013.

(NAME)

(SIGNATURE)

(DATE)

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0013 with Okaloosa County

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received: During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0006-000 (dated 08 November 2011) was received in the amount of \$242,531.00 to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number 12.217.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 26 October 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Revised terms and conditions were provided to the Recipient on 07 December 2011 with an effective date of 12 December. Revised terms and conditions were again provided to the Recipient on 22 December 2011 with an effective date of 03 January 2012.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 31 December 2012.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 21 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET	FEDERAL	NON-FEDERAL	TOTAL
OBJECT CLASS CATEGORIES			
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 242,531.00	\$ -	\$ 242,531.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 242,531.00	\$ -	\$ 242,531.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 242,531.00	\$ -	\$ 242,531.00
Program Income	\$ -	\$ -	\$ -

Accepted Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 242,531.00	100.00%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 242,531.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 242,531.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Orlando will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 05 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. RATIONALE TO ENTER INTO PROPOSED GRANT.

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that H98210-12-1-0013 with Okaloosa County in the amount of \$242,531.00 be approved in its final form.

DATE: 22 December 2011

(b) (6)

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

19 October 2011

Via Email:

plux@co.okaloosa.fl.us

Mr. Paul Lux
Supervisor of Elections
Okaloosa County Supervisor of Elections
302 Wilson Street North
Suite 102
Crestview, FL 32536-3474

Dear Mr. Lux:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is October 21 at 1:00pm. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. In section D, Mobile Voter Registration Application is budgeted at a cost of \$28,571. What is the significance of this functionality in relation to the remainder of your proposal?
2. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections."

3. Project 3 of the Technical Proposal mentions the electronic return of ballots. Does any portion of your proposal fund the electronic transmission of marked ballots in a live election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 372-2644 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 07/13/2012.

DUNS: 139441229

DUNS PLUS4:

CAGE/NCAGE: 6G0B7

Legal Business Name: ORANGE, COUNTY OF

Doing Business As (DBA): SUPERVISOR OF ELECTIONS

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 119 W KALEY ST

Physical Street Address 2:

Physical City: ORLANDO

Physical State: FL

Physical Foreign Province:

Physical Zip/Postal Code: 32806-3938

Physical Country: USA

Mailing Name: SUPERVISOR OF ELECTIONS, ORANGE COUNTY, FLORIDA

Mailing Street Address 1: PO BOX 562001

Mailing Street Address 2:

Mailing City: ORLANDO

Mailing State: FL

Mailing Foreign Province:

Mailing Zip/Postal Code: 32856-2001

Mailing Country: USA

Business Start Date: 01/01/1980

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: TOM DOUGHERTY

Address Line 1: ORANGE COUNTY SUPERVISOR OF ELECTIONS

Address Line 2: 119 WEST KALEY ST.

Government Business Alternate POC

Name: BILL COWLES

Address Line 1: ORANGE COUNTY SUPERVISOR OF ELECTIONS

Address Line 2: 119 WEST KALEY ST.

City: ORLANDO
State: FL
Foreign Province:
Zip/Postal Code: 32806-3938
Country: USA
U.S. Phone: 407-254-6513
Non-U.S. Phone: 0114072546513
Fax: 407-254-6596

City: ORLANDO
State: FL
Foreign Province:
Zip/Postal Code: 32806-3938
Country: USA
U.S. Phone: 407-254-6513
Non-U.S. Phone: 0114072546513
Fax: 407-254-6596

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: TOM DOUGHERTY
Address Line 1: ORANGE COUNTY SUPERVISOR OF ELECTIONS
Address Line 2: 119 WEST KALEY ST.
City: ORLANDO
State: FL
Foreign Province:
Zip/Postal Code: 32806-3938
Country: USA
U.S. Phone: 407-254-6513
Non-U.S. Phone: 0114072546513
Fax: 407-254-6596

Electronic Business Alternate POC

Name: BILL COWLES
Address Line 1: ORANGE COUNTY SUPERVISOR OF ELECTIONS
Address Line 2: 119 WEST KALEY ST.
City: ORLANDO
State: FL
Foreign Province:
Zip/Postal Code: 32806-3938
Country: USA
U.S. Phone: 407-254-6513
Non-U.S. Phone: 0114072546513
Fax: 407-254-6596



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POWERS - AWARD ADMINISTRATION - FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Orlando 3555 Maguire Boulevard Orlando, FL 32803-3726	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Orange 119 W Kaley Street Orlando, FL 32806-3938 POC: Mr. Bill Cowles (407) 254-6500	4a. AWARD NUMBER H98210-12-1-0021 4b. AWARD DATE 23 December 2011	5a. FACE VALUE \$655,420.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 21 DEC 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Orange County Government

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix:

* First Name: Tom

Middle Name:

* Last Name: Dougherty

Suffix:

Title:

Organizational Affiliation:

* Street1: 119 West Kaley St.

Street2:

* City: Orlando

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32806-3967

* Telephone Number: 4072546513

Fax:

* Email: tom.dougherty@ocfelections.com

Key Contacts Form

* Applicant Organization Name:

Orange County Government

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Agency Executive

Prefix:

* First Name: Bill

Middle Name:

* Last Name: Cowles

Suffix:

Title:

Organizational Affiliation:

* Street1: 119 West Kaley St.

Street2:

* City: Orlando

County:

* State: FL: Florida

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 32806-3967

* Telephone Number: 4072546500

Fax:

* Email: bill@ocfelections.com

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="201 South Rosalind Ave"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="Orlando"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="FL: Florida"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="32801-3591"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Bill"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Cowles"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="4072546500"/>	Fax Number: <input type="text"/>
--	---

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Innovative, Secure, and Sustainable UOCAVA Balloting Solutions that Boost Voter Access, Participation & Confidence

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="655,420.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="655,420.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Electronic Absentee Systems for Elections	12.217	\$ 0.00	\$ 0.00	\$ 655,420.00	
2.					
3.					
4.					
5. Totals		\$	\$	\$ 655,420.00	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Electronic Absentee Systems for Elections			
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual	655,420.00			
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)	655,420.00			
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ 655,420.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other S
8.	Electronic Absentee Systems for Elections	\$ 0.00	\$ 0.00	\$
9.	N/A	0.00	0.00	
10.	N/A	0.00	0.00	
11.	N/A	0.00	0.00	
12. TOTAL (sum of lines 8-11)		\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ 655,420.00	\$ 163,855.00	\$ 163,855.00	\$
14. Non-Federal	\$			
15. TOTAL (sum of lines 13 and 14)	\$ 655,420.00	\$ 163,855.00	\$ 163,855.00	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (Y		
		(b)First	(c) Second	(d) Thi
16.	Electronic Absentee Systems for Elections	\$ 0.00	\$ 0.00	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)		\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: None	22. Indirect Charges: None
23. Remarks: None	

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

23 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0021

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

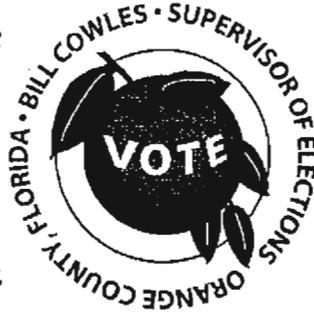
I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0021.

(NAME)

(SIGNATURE)

(DATE)

BILL COWLES
Supervisor of Elections
Orange County, Florida



OUR MISSION IS TO:
Ensure the integrity of the electoral process.
Enhance public confidence.
Encourage citizen participation.

December 15, 2011

Ms. Robin M. Burgess
Federal Voting Assistance Program
1777 N. Kent Street
Arlington, VA 22209

Dear Robin,

Per our conversation, I am writing to officially notify you that the funds received under the EASE Grant will not be used for electronic transmission of voted ballots in an actual election as stated in the broad agency announcement.

Although Florida allows for the electronic transmission of ballots to voters, the electronic system will not facilitate the electronic transmission of a voted ballot back to the Elections office.

This system only provides the blank ballot to the voter.

Sincerely,

(b) (6)

Bill Cowles
Orange County
Supervisor of Elections

Cc: Tom Dougherty, Orange County Elections
Sharon Harrington, Lee County, Supervisor of Elections
Dr. Brenda Snipes, Broward County, Supervisor of Elections
Gertrude Walker, St. Lucie County, Supervisor of Elections
Russ Dawson, Everyone Counts
Sheri Charleston, Everyone Counts
Karen G. Clakeley, Everyone Counts

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0021 with Orange County (D/B/A Supervisor of Elections)

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP) provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Harris County is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0013-000 (dated 08 November 2011) was received in the amount of \$655,420.00 to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number 12.217.

TAB A6 – FVAP's Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient's Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government's discussion issues.

TAB A9 – The Recipient was provided the Government's issues in advance of the discussion session. Discussions were held via telephone conference call on 07 November 2011. FVAP raised several issues with regard to the Recipient's Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date of award was changed to 23 December 2011, after Recipient accepted the reporting requirements.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative Grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – During the period of 20 October through 15 December 2011, the Recipient submitted all required post discussion documents.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies	\$ -	\$ -	\$ -
Contractual	\$ 655,420.00	\$ -	\$ 655,420.00
Construction	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Direct Charges	\$ 655,420.00	\$ -	\$ 655,420.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 655,420.00	\$ -	\$ 655,420.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASSIFICATION	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	0.00%
Supplies	\$ -	0.00%
Contractual	\$ 655,420.00	100.00%
Construction	\$ -	0.00%
Other	\$ -	0.00%
Total Direct Charges	\$ 655,420.00	
Indirect Charges	\$ -	
TOTAL - YEAR 1	\$ 655,420.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient’s budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient’s annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 “*Audits of States, Local Governments and Non-Profit Organizations*”. The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Orlando will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient’s budget is fair and reasonable.

6. RECIPIENT QUALIFICATIONS. Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Grant, to execute program activities envisioned under the Grant;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 28 April 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

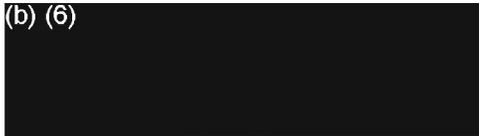
7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0021** with Orange County in the amount of **\$655,420.00** be approved in its final form.

DATE: **20 December 2011**

(b) (6)



ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

19 October 2011

Via Email:
bill@ocfelections.com

Mr. Bill Cowles
Supervisor of Elections
Orange County Government
201 South Rosalind Ave
Orlando, FL 32801-3591

Dear Mr. Cowles:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is at October 20th at 1:30pm (EDT). The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

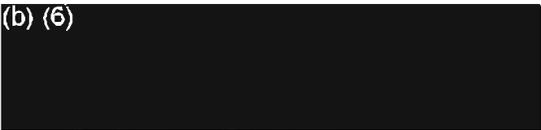
The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Part II, Section I.A.5-Innovation of the BAA specifically states:
"Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections."
Please clarify whether there will be electronic return of ballots used in an actual election?
2. Does the delay in receiving an award and the change in Florida's Presidential Primary date affect your schedule and milestones? If so, how?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 372-2614 or via e-mail at rob.lavelle@osd.pentagon.mil

(b) (6)

A large black rectangular redaction box covers the signature area of the document.

Robert P. Lavelle
Grants Officer

Congressional Districts of Applicant:

FL-003

FL-004

FL-008

FL-024

Congressional Districts of Program/Project:

FL-003

FL-007

FL-008

FL-014

FL-016

FL-020

FL-021

FL-022

FL-023

FL-024

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 05/23/2012.

DUNS: 967158515

DUNS PLUS4:

CAGE/NCAGE: 6DVY8

Legal Business Name: SANTA CRUZ, COUNTY OF
Doing Business As (DBA): COUNTY CLERK ELECTIONS

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 701 OCEAN ST RM 210

Physical Street Address 2:

Physical City: SANTA CRUZ

Physical State: CA

Physical Foreign Province:

Physical Zip/Postal Code: 95060-4011

Physical Country: USA

Mailing Name: COUNTY CLERK ELECTIONS

Mailing Street Address 1: 701 OCEAN ST., RM 210

Mailing Street Address 2:

Mailing City: SANTA CRUZ

Mailing State: CA

Mailing Foreign Province:

Mailing Zip/Postal Code: 95060-4011

Mailing Country: USA

Business Start Date: 10/07/1867

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

12 - U.S. Local Government

V2 - Grants

C7 - County

DISASTER RESPONSE INFORMATION

Bonding Levels

**Construction Bonding
Level, Per Contract
(dollars):**

**Construction Bonding
Level, Aggregate
(dollars):**

**Service Bonding Level,
Per Contract (dollars):**

**Service Bonding Level,
Aggregate (dollars):**

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

926150 - Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No
926150	Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors	No	No

CCR POINTS OF CONTACT

Government Business Primary POC
Name: GAIL PELLERIN

Government Business Alternate POC
Name: RAFAELA HOESSEL

Address Line 1: 701 OCEAN ST., RM 210
Address Line 2:
City: SANTA CRUZ
State: CA
Foreign Province:
Zip/Postal Code: 95060-4011
Country: USA
U.S. Phone: 831-454-2060
Non-U.S. Phone:
Fax: 831-454-2445

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: GAIL PELLERIN
Address Line 1: 701 OCEAN ST., RM 210
Address Line 2:
City: SANTA CRUZ
State: CA
Foreign Province:
Zip/Postal Code: 95060-4011
Country: USA
U.S. Phone: 831-454-2060
Non-U.S. Phone:
Fax: 831-454-2445

Address Line 1: 701 OCEAN ST., RM 210
Address Line 2:
City: SANTA CRUZ
State: CA
Foreign Province:
Zip/Postal Code: 95060-4011
Country: USA
U.S. Phone: 831-454-2060
Non-U.S. Phone:
Fax: 831-454-2445

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: RAFAELA HOESSEL
Address Line 1: 701 OCEAN ST., RM 210
Address Line 2:
City: SANTA CRUZ
State: CA
Foreign Province:
Zip/Postal Code: 95060-4011
Country: USA
U.S. Phone: 831-454-2060
Non-U.S. Phone:
Fax: 831-454-2445



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions within sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151):

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Lathrop 700 East Roth Road, Bldg 330 French Camp, CA 95231-0232		2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT County of Santa Cruz 701 Ocean Street, Room 210 Santa Cruz, CA 95060-4011 POC: Ms. Gail Pellerin (831) 454-2419	4a. AWARD NUMBER H98210-12-1-0006	5a. FACE VALUE \$25,000.00	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	4b. AWARD DATE 31 October 2011	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 31 March 2013

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 31 OCT 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Santa Cruz County Clerk/Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Administrative Oversight

Prefix:

* First Name: Gail

Middle Name: L

* Last Name: Pellerin

Suffix:

Title: Santa Cruz County Clerk

Organizational Affiliation:

* Street1: 701 Ocean St

Street2: Room 210

* City: Santa Cruz

County: Santa Cruz

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95060-4076

* Telephone Number: 831-454-2419

Fax: 831-454-2445

* Email: gail.pellerin@co.santa-cruz.ca.us

Key Contacts Form

* Applicant Organization Name:

Santa Cruz County Clerk/Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Project Principal

Prefix:

* First Name: Tricia

Middle Name:

* Last Name: Webber

Suffix:

Title: Program Coordinator

Organizational Affiliation:

* Street1: 701 Ocean St

Street2: Room 210

* City: Santa Cruz

County: Santa Cruz

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95060-4076

* Telephone Number: 831-454-2409

Fax: 831-454-2445

* Email: tricia.webber@co.santa-cruz.ca.us

Key Contacts Form

* Applicant Organization Name:

Santa Cruz County Clerk/Elections

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 3 Project Role: Fiscal Contact

Prefix:

* First Name: Rafaela

Middle Name:

* Last Name: Hoessel

Suffix:

Title: Senior Account Clerk

Organizational Affiliation:

* Street1: 701 Ocean Street

Street2: Room 210

* City: Santa Cruz

County: Santa Cruz

* State: CA: California

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 95060-4076

* Telephone Number: 831-454-2418

Fax:

831-454-2445

* Email: rafaels.hoessel@co.santa-cruz.ca.us

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: 07/08/2011	4. Applicant Identifier: <input type="text"/>
-----------------------------------	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

B. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="701 Ocean Street"/>
Street2:	<input type="text" value="Room 210"/>
* City:	<input type="text" value="Santa Cruz"/>
County/Parish:	<input type="text" value="Santa Cruz"/>
* State:	<input type="text" value="CA: California"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="95060-4076"/>

e. Organizational Unit:

Department Name: <input type="text" value="County Clerk/Elections"/>	Division Name: <input type="text" value="Elections"/>
---	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Gail"/>
Middle Name: <input type="text" value="L"/>	
* Last Name: <input type="text" value="Pellerin"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="831-454-2419"/>	Fax Number: <input type="text" value="831-454-2445"/>
---	---

* Email:

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

E: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

10. Name of Federal Agency:

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

12. Funding Opportunity Number:

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

AREAS AFFECTED BY PROJECT.pdf

Add Attachment

Delete Attachment

View Attachment

15. Descriptive Title of Applicant's Project:

Upgrading Local Support Documents, Tracking and Procedures for EVAP Ballots for Long Term, Sustainable Improvements in Successful Military, Overseas and Federal Voting.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="25,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="25,000.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Federal Voting Assistance Program	12.217	\$ 0.00	\$ 0.00	\$ 25,000.00	
2.					
3.					
4.					
5. Totals		\$	\$	\$ 25,000.00	\$

Pre-

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Federal Voting Assistance Program			
a. Personnel	\$ 11,300.00	\$	\$	\$
b. Fringe Benefits	0.00			
c. Travel	4,350.00			
d. Equipment	2,100.00			
e. Supplies	4,670.00			
f. Contractual	2,350.00			
g. Construction	0.00			
h. Other	230.00			
i. Total Direct Charges (sum of 6a-6h)	25,000.00			
j. Indirect Charges	0.00			
k. TOTALS (sum of 6i and 6j)	\$ 25,000.00	\$	\$	\$
7. Program Income	\$ 0.00	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="24,500.00"/>	\$ <input type="text" value="7,685.00"/>	\$ <input type="text" value="7,685.00"/>	\$ <input type="text"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="24,500.00"/>	\$ <input type="text" value="7,685.00"/>	\$ <input type="text" value="7,685.00"/>	\$ <input type="text"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. Federal Voting Assistance Program	\$ <input type="text" value="500.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="500.00"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
--	--

23. Remarks:

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa, FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0006

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0006.

(NAME)

(SIGNATURE)

(DATE)



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

23 September 2011

Via Email:

gail.pellerin@co.santa-cruz.ca.us

Ms. Gail L. Pellerin
Santa Cruz County Clerk
701 Ocean St
Room 210
Santa Cruz, CA: California
95060-4076

Dear Ms. Pellerin:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 27 September 2011. The scheduled time to commence is at 2:00 PM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. In Budget Proposal you state: "The alternate budgets allow for the use of a contractor to assist with the manual layout and language simplification and structuring."
Please clarify whether you intend to use a contractor or use in house personnel to execute the grant proposal?

2. Part II, Section 1.A.5-Innovation of the BAA specifically states:

“Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, EVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”

Please clarify whether the electronic return of ballots via secure email research mentioned in Project 3 of the Technical Proposal will be used in an actual election?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)


Robert J. Lavelle
Grants Officer

AREAS AFFECTED BY PROJECT

All of Santa Cruz County

Portion of San Mateo County

Portion of Santa Clara County

Portion of San Benito County

Portion of Monterey County

Additional list of Program/Project Congressional Districts

CA-014

CA-015

CA-016

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 178(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523), and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (Identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance
15. Will comply with the Laboratory Animal Welfare Act of 1988 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1998 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Completed on submission to Grants.gov</p>	<p>* TITLE</p> <p>COUNTY CLERK</p>
<p>* APPLICANT ORGANIZATION</p> <p>SANTA CRUZ COUNTY CLERK/ELECTIONS</p>	<p>* DATE SUBMITTED</p> <p>Completed on submission to Grants.gov</p>

County of Santa Cruz

Santa Cruz, California

Single Audit Report

For the year ended June 30, 2010

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

County of Santa Cruz
Single Audit Report
For the year ended June 30, 2010

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards.....	11
Schedule of Findings and Questioned Costs	13
Summary Schedules of Prior Audit Findings.....	14



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

We have audited the basic financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Santa Cruz (County), as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the County's internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Board of Supervisors
of the County of Santa Cruz
Santa Cruz, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Supervisors, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
January 27, 2011



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

Compliance

We have audited the compliance of the County of Santa Cruz (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

To the Honorable Board of Supervisors
of the County of Santa Cruz
Santa Cruz, California
Page 2

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.

A Subsidiary of Marcum LLP

Certified Public Accountants

Irvine, California

March 30, 2011, except for the Schedule of Expenditures of Federal Awards, which is as of January 27, 2011.

County of Santa Cruz
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
Department of Agriculture			
<i>Pass-Through Programs:</i>			
California Department of Social Services SNAP Cluster			
Food Stamp Employment and Training	10.561		\$ 66,622
Food Stamp Administration	10.561		2,717,075
FSET- Cal Success- Cabrillo College	10.561	Cabrillo College	270,849
ARRA - Supplemental Nutrition	10.561		70,948
Subtotal SNAP Cluster			<u>3,125,494</u>
Subtotal California Department of Social Services			<u>3,125,494</u>
Total Department of Agriculture			<u>3,125,494</u>
Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Supportive Housing Program - Match	14.235	CA01SB50801	335,327
Subtotal Direct Programs			<u>335,327</u>
<i>Pass-Through Programs:</i>			
California Department of Health Services			
Community Development Block Grant	14.228	09-STBG-6422	25,199
HOME	14.239	09-HOME-6274	124,000
Housing Opportunities for Persons with AIDS	14.241	07-65539	137,948
ARRA - Homelessness Prevent and Rapid Re-Housing Program	14.257	09-HPRP-6143	151,328
Subtotal California Department of Health Services			<u>438,475</u>
Total Department of Housing and Urban Development			<u>773,802</u>
Department of Justice			
<i>Direct Programs:</i>			
Edward Byrne Memorial Formula grant	16.579	S7A4107044	30,000
Federal Asset Forfeiture Trust Funds	16.unknown		128,774
Southwest Boarder Prosecution Initiatives	16.755		121,655
Criminal Alien Assistance Program	16.066		329,519
Bullet Proof Vests	16.607		1,114
Subtotal Direct Programs			<u>611,062</u>
<i>Pass-Through Programs:</i>			
Governor's Office of Emergency Services			
Victim Witness Assistance Program	16.575	9280440	92,705
Edward Byrne Memorial Justice Assistance Grant	16.738	9200440	175,472
ARRA Victim Assistance Formula Grant	16.801	VS09010440	18,159
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	ZA09010440	14,092
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	ZO09010440	212,584
Subtotal Governor's Office of Emergency Services			<u>513,012</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
California Department of Corrections and Rehabilitation			
Disproportionate Minority Confinement Support Project	16.540	CSA 340-09	12,275
Title II Formula Grant: Enhanced DMC-TAP Project	16.540	CSA 340-08	179,532
Title II Formula Grant: GirlZpace: Meeting the Needs of Juvenile Female Offenders	16.540	CSA 346-08	448,516
Subtotal CFDA 16.540			640,323
Total Department of Justice			1,764,397
Department of Labor			
<i>Pass-Through Programs:</i>			
WIA Cluster			
California Department of Employment Development			
WIA Adult Programs			
Title I - A Adult Formula	17.258		926,393
ARRA Adult	17.258		435,597
Subtotal CFDA 17.258			1,361,990
WIA Youth Activities Programs			
Title I - Youth Formula	17.259		1,417,694
ARRA Youth	17.259		862,381
Subtotal CFDA 17.259			2,280,075
New Start CDRC	17.260		15,857
Title I Dislocated Worker - Formula Insufficiency	17.260		1,003,715
Dislocated Worker - State Stimulus	17.260		107,901
Title I Rapid Response for RA&PGM	17.260		200,605
ARRA Dislocated Worker	17.260		931,050
ARRA Rapid Response	17.260		8,903
Governor's Cal-GRIP Initiative	17.260		109,546
Subtotal CFDA 17.260			2,377,577
Subtotal WIA Cluster			6,019,642
Total Department of Labor			6,019,642
Department of Transportation			
<i>Pass-Through Programs:</i>			
California Department of Transportation			
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	655,436
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	842,439
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	859,381
Highway Planning and Construction	20.205	ER-4446-(002)	189,465
Highway Planning and Construction	20.205	ER-4446-(003)	70,245
Highway Planning and Construction	20.205	ER-4446-(004)	477,448
Highway Planning and Construction	20.205	ER-4446-(005)	42,739
Highway Planning and Construction	20.205	BPMP 5936(070)	154
Highway Planning and Construction	20.205	HBRR 5936(042)	11,562
Highway Planning and Construction	20.205	BRLO-5936(061)	700
Subtotal CFDA 20.205			3,149,569
Pedestrian, Bicycle & Child Passenger	20.600	PS1004	199,376
State and Community Highway Safety	20.600	364022-0996	22,181
State and Community Highway Safety	20.600	364022-0996	25,170
Subtotal CFDA 20.600			246,727
Total Department of Transportation			3,396,296

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
Environmental Protection Agency			
<i>Direct Programs:</i>			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-96998701	38,387
Subtotal Direct Programs			38,387
<i>Pass-Through Programs:</i>			
California State Water Resources Control Board			
ARRA Clean Water Loan Grant	66.458	08-333-550	193,480
ARRA Clean Water Loan Grant	66.458	08-356-550	131,302
ARRA Clean Water Loan Grant	66.458	08-318-550	485,136
ARRA Clean Water Loan Grant	66.458	08-356-550	1,279,799
Subtotal California State Water Resources Control Board			2,089,717
California Department of Public Health			
ARRA Clean Water Loan Grant	66.458	N/A	410,066
Subtotal California Department of Public Health			410,066
Subtotal CFDA 66.458			2,499,783
Total Environmental Protection Agency			2,538,170
Department of Education			
<i>Pass-Through Programs:</i>			
California Department of Education, Santa Cruz County Office of Education			
Special Education Grant, Individuals with Disabilities Education Act	84.027	N/A	578,673
Reduction of Alcohol Abuse Program	84.184	Q184A09000S	32,800
Subtotal California Department of Education, Santa Cruz County			611,473
California Department of Alcohol and Drug Programs			
Safe & Drug-Free Schools and Communities State Grants	84.186	SDFS 07-06	176,433
Subtotal California Department of Alcohol and Drug Programs			176,433
Total Department of Education			787,906
Election Assistance Commission			
<i>Pass-Through Programs:</i>			
California Secretary of State Help America Vote Act	90.401	05GR301044	131,910
Total Election Assistance Commission			131,910
Department of Health & Human Services			
<i>Direct Programs:</i>			
Health Services for the Homeless	93.224	3-H80CS00048	1,262,343
ARRA Capital Improvement Program	93.703	C81CS137S3	32,417
ARRA Increase Services for Health Centers	93.703	H8BCS12062	132,567
Subtotal CFDA 93.703			164,984
Early Intervention Services	93.918	H76HA00153	483,542
Subtotal Direct Programs			1,910,869

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
<i>Pass-Through Programs:</i>			
California Secretary of State			
Voting Access for Individual with Disabilities	93.617		21,838
Subtotal California Secretary of State			21,838
California Department of Social Services			
AIA	93.551		140,862
Promoting Safe and Stable Families	93.556		7,056
Promoting Safe and Stable Families	93.556		160,403
Subtotal CFDA 93.556			167,459
TANF Cluster			
Temporary Assistance for Needy Families - Assistance	93.558		12,659,096
Temporary Assistance for Needy Families - CalWorks			
Program and Staff Development	93.558		8,414,293
Temporary Assistance for Needy Families - Childcare	93.558		4,042,377
Temporary Assistance for Needy Families - EA - ER, ESC, CR	93.558		1,801,713
Temporary Assistance for Needy Families - CalWIN	93.558		451,511
Subtotal CFDA 93.558			27,368,990
ARRA Public Authority Funding	93.714		124,227
ARRA IHSS Federal Medicaid	93.714		128,997
ARRA Foster Care Assistance	93.714		155,704
ARRA Adoption Assistance	93.714		254,884
ARRA Emergency Contingency	93.714		1,243,497
Subtotal CFDA 93.714			1,907,309
Subtotal TANF Cluster			29,276,299
Foster Care - Title IV-E			
AB2129	93.658		4,975
HIV Infant Program	93.658		109,021
Foster Family Licensing	93.658		50,663
Foster Care- Emergency Assistance	93.658		126,202
Foster Care - Administration	93.658		215,077
Foster Care Assistance	93.658		1,353,229
Kinship & Foster Care Emergency Fund	93.658		6,902
Child Welfare Services Title IV-E and Staff Development	93.658		558,004
Child Welfare Services Title IV-E Probation	93.658		1,473,743
Child Welfare Services Outcome Improvement Project	93.658		164,802
Subtotal CFDA 93.658			4,062,618
Adoption Assistance			
Assistance	93.659		2,225,076
Social Services	93.659		381,400
Other Public Assistance	93.659		82,353
Subtotal CFDA 93.659			2,688,829
Social Services Block Grant			
Child Welfare Services - Title XX	93.667		156,870
Subtotal CFDA 93.667			156,870

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
RCA Assistance	93.566		2,415
Community Based Child Abuse Prevention	93.590		29,232
Child Welfare Services - Title IV-B	93.645		161,949
Roots & Wings	93.652		328,757
Public Authority	93.778		740,765
Independent Living Program	93.674		76,200
Subtotal California Department of Social Services			37,832,255
California Department of Child Support Services			
Child Support Enforcement	93.563		1,032,360
Child Support Enforcement	93.563		4,776,617
Subtotal California Department of Child Support Services			5,808,977
California Department of Alcohol and Drug Programs			
Treatment Alliance for Safe Children	93.087	90C40019/03	527,444
State Children's Insurance Program	93.767	N/A	37,471
Block Grants for Prevention and Treatment of Substance Abuse	93.959	09-NNA44	1,836,557
Subtotal California Department of Alcohol and Drug Programs			2,401,472
California Department of Health Services			
Adult Protective Services	93.569		395,616
Foster Care - Title IV-E			
Group Home Monthly Visits	93.658		11,454
Child Welfare Services	93.658		24,209
Family Preservation	93.658		86,756
Child Welfare Services Title XIX and Staff Development	93.658		3,876,482
Subtotal CFDA 93.658			3,998,901
Medi-Cal Administrative Activities	93.778	N/A	57,105
In Home Support Services Title XIX	93.778		1,743,735
Medi-Cal 50%	93.778		6,490,451
Medi-Cal Save 100%	93.778		41,258
Medical Assistance- Administrative Services	93.778		1,591,970
Medical Assistance Program- MediCal Admin	93.778		530,589
Subtotal CFDA 93.778			10,455,108
California Department of Health Services			
Preparedness and Response to Bioterrorism	93.283	EPO CDC 07-44	990,942
Adolescent Family Life Planning Grant	93.994	2007-44	82,213
Maternal and Child Health Services Block Grant to the States	93.994	2007-44	293,418
Subtotal CFDA 93.994			375,631
Subtotal California Department of Health Services			16,216,198

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347J5	39,300
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	22,376
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	51,196
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	44,872
Subtotal CFDA 93.958			118,444
Subtotal California Department of Mental Health			157,744
California Department of Public Housing			
ARRA Immunization Assistance	93.712	09-11300	252,729
Subtotal California Department of Public Housing			252,729
Total Department of Health & Human Services			64,602,082
Department of Homeland Security			
<i>Pass-Through Programs:</i>			
California Emergency Management Agency			
Disaster Grants - Public Assistance			
FEMA- CSA	97.036	087-00000	2,879
FEMA- CSA	97.036	087-00000	261,760
FEMA- General County	97.036	087-91052	794,889
FEMA- General County	97.036	087-91052	1,009,992
Subtotal CFDA 97.036			2,069,520
Total Department of Homeland Security			2,069,520
Total Federal Financial Assistance			\$ 85,209,219

See accompany notes to the Schedule of Expenditure of Federal Awards

County of Santa Cruz
Note to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

1. REPORTING ENTITY

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The financial reporting entity consists of: (1) the County, (2) organizations for which the County is financially accountable; and (3) organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The following entities are component units of the County:

Blended Component Units

Santa Cruz Flood Control and Water Conservation District – Zone 7

Santa Cruz County Redevelopment Agency

Santa Cruz County Public Financing Authority

Discretely Presented Component Unit

Santa Cruz County Sanitation District

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

Funds received under the various grant programs have been recorded within the general, special revenue, and enterprise funds of the County. The County utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accrual basis of accounting is used for the enterprise funds. The accompanying schedule of expenditures of federal awards (schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the County's basic financial statements.

B. *Schedule of Expenditures of Federal Awards*

The accompanying schedule presents the activity of all Federal financial assistance programs of the County. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California is included in the schedule.

The schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the County.

County of Santa Cruz
Notes to Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided to Subrecipients
16.540	Title II GirlZpace	\$ 169,167
16.540	Title II Disporportionate Minority Confinement Project	103,095
93.150	Projects for Assistance in Transition from Homelessness	39,300
93.563	County of San Benito Child Support	1,032,360
93.778	MediCal Administrative Activities	3,200
93.958	Substance Abuse and Mental Health Services (SAMSHA)	68,291
93.959	Substance Abuse Prevention and Treatment Block Grant	1,466,132
Total		\$ 2,881,545

4. TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER

When there is more than one program under a single CFDA number that is used by multiple departments, the total is provided below:

Federal CFDA	Total Federal Expenditures
93.778	
Department of Health Services	\$ 8,332,549
Department of Mental Health	2,122,559
Department of Social Services	740,765
Total	\$ 11,195,873
93.658	
Department of Health Services	\$ 3,998,901
Department of Social Services	4,062,618
	\$ 8,061,519

5. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

County of Santa Cruz
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the basic financial statements of the County of Santa Cruz (County).
2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified or reported.
3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
4. No material weaknesses in internal control over compliance of the major federal award programs were identified or reported.
5. The auditors' report on compliance for the major federal award programs for the County expressed an unqualified opinion.
6. Audit findings required to be reported in accordance with section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule below.
7. The programs tested as major programs included:

CFDA Number	Major Program	Expenditures
10.561	Food Stamps	\$ 3,054,546
10.561	ARRA - Supplemental Nutrition	70,948
	SNAP Cluster Total	<u>3,125,494</u>
17.258	WIA Adult	926,393
17.258	ARRA - WIA- Adult	435,597
17.259	WIA Youth	1,417,694
17.259	ARRA - WIA- Youth	862,381
17.260	WIA - Dislocated Workers	1,437,624
17.260	ARRA - WIA- Dislocated Worker	939,953
	WIA Cluster Total	<u>6,019,642</u>
20.205	Highway Planning & Construction	792,313
20.205	ARRA - Highway Planning & Construction	2,357,256
	Highway Planning and Construction Total	<u>3,149,569</u>
66.458	ARRA - Clean Water Loan Grant	2,499,783
93.558	Temporary Assistance for Needy Families	27,368,990
93.714	ARRA - Temporary Assistance for Needy Families	1,907,309
	TANF Cluster Total	<u>29,276,299</u>
93.563	Child Support Enforcement	5,808,977
93.658	Foster Care (Multiple Departments)	8,061,519
93.659	Adoption Assistance	2,688,829
93.778	Medical Assistance Program (Multiple Departments)	11,195,873
	Total Major Program Expenditures	<u>\$ 71,825,985</u>
	Total Federal Award Expenditures	<u>\$ 85,209,219</u>
	Percent of Total Federal Award Expenditures	<u>84.29%</u>

County of Santa Cruz
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS, Continued

8. The threshold for distinguishing Types A and B programs was \$2,556,277.
9. The County was determined to be a high-risk auditee under Section 530 of OMB Circular A-133.

B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted for the year ended June 30, 2010.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the County's major programs for the year ended June 30, 2010.

D. SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were noted on the County's major programs for the year ended June 30, 2009.



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

**FOR : ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVIITY-PROCUREMENT SUPPORT OFFICE**

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applicants for Federal Assistance were received by the Defense Human Resources Activity-Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26-28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for the FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of the return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

On September 12, 2011, I forwarded you FVAP's initial 10 grant recommendations. Based upon the findings of the technical evaluation and cost benefit analysis, I recommend the following additional grant awards:

Recommended Grantee	Amount Requested
New Jersey	\$802,845.00
Minnesota	\$226,255.00
City of Chicago	\$377,900.00
Okaloosa (2)	\$242,531.00
Boone County	\$787,616.00
City of Detroit (1)	\$280,228.00

Utah	\$532,400.00
Maricopa County, AZ	\$150,000.00
Bexar County	\$474,327.00
Harris County	\$512,132.00
Orange (2)	\$655,420.00
Michigan	\$431,514.00
Alaska	\$607,860
City of Detroit (2)	\$396,065
Montana (1)	\$220,027.00
District of Columbia	\$99,258.00
Louisiana	\$350,000.00

However, I believe there are significant savings that can still be negotiated from most of these proposals. Therefore, I ask you to negotiate appropriate cost reductions with the above recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As those negotiations are completed, I will advise of approval or disapproval of the revised application. Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 07/05/2012.

DUNS: 081050952

DUNS PLUS4:

CAGE/NCAGE: 6FRC9

Legal Business Name: LIEUTENANT GOVERNOR OF UTAH

Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: STATE CAPITAL COMPLEX STE E 325

Physical Street Address 2:

Physical City: SALT LAKE CITY

Physical State: UT

Physical Foreign Province:

Physical Zip/Postal Code: 84114-2110

Physical Country: USA

Mailing Name: MARK THOMAS

Mailing Street Address 1: UTAH STATE CAPITOL

Mailing Street Address 2: SUITE 220

Mailing City: SALT LAKE CITY

Mailing State: UT

Mailing Foreign Province:

Mailing Zip/Postal Code: 84114-2110

Mailing Country: USA

Business Start Date: 01/04/1896

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: MARK THOMAS

Address Line 1: UTAH STATE CAPITOL

Address Line 2: SUITE 220

City: SALT LAKE CITY

State: UT

Government Business Alternate POC

Name: MARK THOMAS

Address Line 1: UTAH STATE CAPITOL

Address Line 2: SUITE 220

City: SALT LAKE CITY

State: UT

**Foreign
Province:**

Zip/Postal Code: 84114-2110
Country: USA
U.S. Phone: 801-538-1041 Ext.81746
Non-U.S. Phone:
Fax: 801-538-1133

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
**Foreign
Province:**
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: MARK THOMAS
Address Line 1: UTAH STATE CAPITOL
Address Line 2: SUITE 220
City: SALT LAKE CITY
State: UT
**Foreign
Province:**
Zip/Postal Code: 84114-2110
Country: USA
U.S. Phone: 801-538-1041 Ext.81746
Non-U.S. Phone:
Fax:

Foreign Province:

Zip/Postal Code: 84114-2110
Country: USA
U.S. Phone: 801-538-1041 Ext.81746
Non-U.S. Phone:
Fax: 801-538-1133

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: MARK THOMAS
Address Line 1: UTAH STATE CAPITOL
Address Line 2: SUITE 220
City: SALT LAKE CITY
State: UT
Foreign Province:
Zip/Postal Code: 84114-2110
Country: USA
U.S. Phone: 801-538-1041 Ext.81746
Non-U.S. Phone:
Fax:



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email: Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Denver 6 th Avenue & Kipling Street Denver, CO 80225-0586	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Lieutenant Governor of Utah State Capital Complex, Suite E325 Salt Lake City, UT 84114-2110 POC: Mr. Mark Thomas (801) 538-1494	4a. AWARD NUMBER H98210-12-1-0016	5a. FACE VALUE \$532,400.00
	4b. AWARD DATE 14 December 2011	5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 November 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 14 DEC 2011
--	---	---

16. DCC-W PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Key Contacts Form

* Applicant Organization Name:

Lieutenant Governor of Utah

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Director of Elections

Prefix:

* First Name: Mark

Middle Name:

* Last Name: Thomas

Suffix:

Title:

Organizational Affiliation:

* Street1: 350 N State Street

Street2: Suite 220

* City: Salt Lake City

County:

* State: UT: Utah

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 84114

* Telephone Number: 8015381494

Fax:

* Email: mjthomas@utah.gov

Key Contacts Form

* Applicant Organization Name:

Lieutenant Governor of Utah

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

* First Name: Sandy

Middle Name:

* Last Name: Naegle

Suffix:

Title: Fiscal Manager

Organizational Affiliation:

* Street1: 350 N State Street

Street2:

* City: Salt Lake City

County:

* State: UT: Utah

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 84114

* Telephone Number: 8015381149

Fax:

* Email: snaegle@utah.gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
---	---	--

* 3. Date Received: <input type="text" value="07/12/2011"/>	4. Applicant Identifier: <input type="text"/>
---	---

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
---	--

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
--	--

d. Address:

* Street1:	<input type="text" value="350 N State Street"/>
Street2:	<input type="text" value="Suite 220"/>
* City:	<input type="text" value="Salt Lake City"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="UT: Utah"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="84114-2110"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text" value="Elections"/>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text"/>	* First Name: <input type="text" value="Mark"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Thomas"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="8015381494"/>	Fax Number: <input type="text"/>
--	---

*** Email:**

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

EASE System

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="532,400.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="532,400.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1.	<input style="width: 100%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>	\$ <input style="width: 80%;" type="text"/>
2.	<input style="width: 100%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
3.	<input style="width: 100%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
4.	<input style="width: 100%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
5. Totals		\$ <input style="width: 80%;" type="text"/>			

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
a. Personnel	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
b. Fringe Benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Travel	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Equipment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Contractual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
g. Construction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
h. Other	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
i. Total Direct Charges (sum of 6a-6h)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
j. Indirect Charges	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
k. TOTALS (sum of 6i and 6j)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
7. Program Income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9.			
10.			
11.			
12. TOTAL (sum of lines 8-11)	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="532,400.00"/>	\$ <input type="text" value="186,340.00"/>	\$ <input type="text" value="159,720.00"/>	\$ <input type="text" value="186,340.00"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="532,400.00"/>	\$ <input type="text" value="186,340.00"/>	\$ <input type="text" value="159,720.00"/>	\$ <input type="text" value="186,340.00"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
17. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18.			
19.			
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

14 December 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0016

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as are required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0016.

(NAME)

(SIGNATURE)

(DATE)

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0016 with the Office of the Lieutenant Governor of Utah

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase II Applicants during the period of 04 October through 14 November 2011. As a result of those discussions, the Office of the Lieutenant Governor of Utah is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1311-0009-000 (dated 08 November 2011) was received in the amount of **\$532,400.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP's Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient's Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government's discussion issues.

TAB A9 – The Recipient was provided the Government's issues in advance of the discussion session. Discussions were held via telephone conference call on 26 October 2011. FVAP raised several issues with regard to the Recipient's Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 01 December 2011, pending acceptance of the terms and conditions by the Recipient. Effective date changed to 14 December 2011.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 November 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

TAB A10 – On 21 November 2011, the Recipient submitted its revised Application and Budget and all supplemental information requested during discussions.

TAB A11 – On 07 October 2011, Mr. Robert Carey, Director FVAP, recommended seventeen (17) Applicants for award under Phase II of the award process. The Applicant's SF424 and SF424A and the Recipient's Concept Plan will be incorporated as attachments in the award document.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ 3,000.00	\$ -	\$ 3,000.00
Equipment	\$ 275,400.00	\$ -	\$ 275,400.00
Supplies	\$ -	\$ -	\$ -
Contractual	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -
Other	\$ 254,000.00	\$ -	\$ 254,000.00
Total Direct Charges	\$ 532,400.00	\$ -	\$ 532,400.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 532,400.00	\$ -	\$ 532,400.00
Program Income	\$ -	\$ -	\$ -

Revised Budget (SF 424A) and Supporting Documentation.

SECTION B - BUDGET		
OBJECT CLASS CATEGORIES	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ 3,000.00	0.56%
Equipment	\$ 275,400.00	51.73%
Supplies	\$ -	0.00%
Contractual	\$ -	0.00%
Construction	\$ -	0.00%
Other	\$ 254,000.00	47.71%
Total Direct Charges	\$ 532,400.00	
Indirect Charges	\$ -	
TOTAL YEAR 1	\$ 532,400.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Denver will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Grant.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 05 July 2012.

(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0016** with the Office of the Lieutenant Governor of Utah in the amount of **\$532,400.00** be approved in its final form.

(b) (6)



DATE: 14 December 2011

ROBERT J. LAVELLE
Grants Officer

STATE OF UTAH
OFFICE OF THE LIEUTENANT GOVERNOR



GREG BELL
LIEUTENANT GOVERNOR

November 22, 2011

Bob Carey, Director
Federal Voting Assistance Program
Department of Defense
1777 North Kent Street
Suite #14003
Arlington, VA 22209

Dear Mr. Carey,

Earlier this month my office had a conference call with Bob Lavelle, Paddy McGuire, and Robin Burgess in regards to Utah's application for the program known as Electronic Absentee System for Elections (EASE).

During this conference call, Mr. McGuire requested a letter from Utah specifically stating that if Utah received funds under the EASE grant the funds will not be used for the electronic transmission of voted ballots in an actual election.

This letter is to officially notify you the funds received under the EASE grant will not be used for the electronic transmission of voted ballots in an actual election, as per Part II, Section LA5- Innovation of the Broad Agency Announcement.

Please let me know if there is anything further my office can provide.

Sincerely,

A handwritten signature in black ink that reads "Greg Bell".

Greg Bell
Lieutenant Governor

Cc: Bob Lavelle

Application for Federal Assistance SF-424		Version 02
*1. Type of Submission		*2. Type of Application
<input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application		<input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision
*3. Date Received:		*If Revision, select appropriate letter(s): * Other (Specify)
4. Application Identifier:		
5a. Federal Entity Identifier: H98210-12-1-0016		*5b. Federal Award Identifier:
State Use Only:		
6. Date Received by State:		7. State Application Identifier:
8. APPLICANT INFORMATION:		
* a. Legal Name: State of Utah		
* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4)		*c. Organizational DUNS: (b) (4)
d. Address:		
*Street1: Utah State Capitol, Suite 220 Street 2: PO Box 142325 *City: Salt Lake City County: *State: UT Province: Country: *Zip/ Postal Code: 84114		
e. Organizational Unit:		
Department Name: Office of the Lieutenant Governor		Division Name: Elections
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: Middle Name: *Last Name: Thomas Suffix:		First Name: Mark
Title: Deputy Chief of Staff/Director of Elections		
Organizational Affiliation		
*Telephone Number: 801-538-1041		Fax Number: 801-538-1133
*Email: mjthomas@utah.gov		

Application for Federal Assistance SF-424

Version 02

9. Type of Applicant 1: Select Applicant Type: A. State Government

Type of Applicant 2: Select Applicant Type:

- Select One -

Type of Applicant 3: Select Applicant Type:

- Select One -

*Other (specify):

*10. Name of Federal Agency:

FVAP

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

*12. Funding Opportunity Number: H98210-BAA-11-0001

*Title: Electronic Absentee Systems for Elections (EASE)

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

All 29 Counties in the State of Utah

*15. Descriptive Title of Applicant's Project:

Proposal to Enhance Capabilities for UOCAVA Voters in Utah

Attach supporting documents as specified in agency instructions.

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of: Utah - All

*a. Applicant

*b. Program/Project:

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

*a. Start Date: Date of Award

*b. End Date: 12/31/2012

18. Estimated Funding (\$):

*a. Federal \$532,400.00

*b. Applicant

*c. State

*d. Local

*e. Other

*f. Program Income

*g. TOTAL \$532,400.00

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (if "Yes", provide explanation.)**

Yes

No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

**I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix:

*First Name: Mark

Middle Name:

*Last Name: Thomas

Suffix:

*Title: Deputy Chief of Staff/Director of Elections /

*Telephone Number: (801) 538-1041 (b) (6)

Fax Number: (801) 538-1133

*Email: mthomas@utah.gov

*Signature of Authorized Representative: (b) (6)

Date Signed: 11/21/2011

BUDGET INFORMATION — Non-Construction Programs

SECTION A — BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. EASE	12.217	\$	\$	\$ 532,400	\$	\$ 532,400
2.						
3.						
4.						
5. TOTALS		\$	\$	\$ 532,400	\$	\$ 532,400

SECTION B — BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) EASE	(2)	(3)	(4)	
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel	3,000				3,000
d. Equipment	275,400				275,400
e. Supplies					
f. Contractual					
g. Construction					
h. Other	254,000				254,000
i. Total Direct Charges (sum of 6a - 6h)					
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$ 532,400	\$	\$	\$	\$ 532,400
7. Program Income	\$	\$	\$	\$	\$

SECTION C -- NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8.	\$	\$	\$	\$	
9.					
10.					
11.					
12. TOTALS (sum of lines 8 and 11)	\$	\$	\$	\$	
SECTION D -- FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 532,400	\$ 159,720	\$ 159,720	\$ 133,100	\$ 79,860
14. NonFederal					
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$
SECTION E -- BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16.	\$	\$	\$	\$	
17.					
18.					
19.					
20. TOTALS (sum of lines 16 - 19)	\$	\$	\$	\$	
SECTION F -- OTHER BUDGET INFORMATION (Attach additional Sheets If Necessary)					
21. Direct Charges:		22. Indirect Charges:			
23. Remarks					

18 October 2011

Via Email:
mjthomas@utah.gov

Mr. Mark Thomas
Lieutenant Governor of Utah
350 N. State Street
Salt Lake City, UT 84114-2110

Dear Mr. Thomas:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. The scheduled time to commence is November 2, 2011 at 1:00pm EDT. The conference call number is 703-695-4042. The pass code is 125496.

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and/ or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. The travel to Washington, DC for reporting does not appear to be a necessary expense. Please explain its utility.
2. In your budget proposal, there is a line item for \$8,000.00 for Mobile Kiosks. Can you please explain further on where and how these mobile kiosks will be used?
3. Part II, Section I.A.5-Innovation of the BAA specifically states:
“Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.”

Please clarify whether the electronic return of ballots via secure email research mentioned in Project 3 of the Technical Proposal will be used in an actual election.

4. The period of performance of this grant extends to December of 2012. Would it be possible to extend the period of the grant to 2016 in order for FVAP to receive data reports on the effectiveness of the proposed projects?

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

Robert J. Lavelle
Grants Officer

CCR Search Results

Not to be used as certifications and representations. See [ORCA](#) for official certification.

Registration Status: Active in CCR; Registration valid until 07/07/2012.

This vendor has chosen to opt out of the CCR Public Search.

DUNS: 878512094

DUNS PLUS4:

CAGE/NCAGE: 6FUZ7

Legal Business Name: ELECTIONS, VIRGINIA STATE BOARD OF
Doing Business As (DBA):

Division Name:

Division Number:

Company URL:

Physical Street Address 1: 1100 BANK ST

Physical Street Address 2:

Physical City: RICHMOND

Physical State: VA

Physical Foreign Province:

Physical Zip/Postal Code: 23219-3639

Physical Country: USA

Mailing Name: MATTHEW DAVIS

Mailing Street Address 1: 1100 BANK STREET

Mailing Street Address 2: 1ST FLOOR

Mailing City: RICHMOND

Mailing State: VA

Mailing Foreign Province:

Mailing Zip/Postal Code: 23219-3639

Mailing Country: USA

Business Start Date: 07/01/1946

Delinquent Federal Debt: No

CORPORATE INFORMATION**Type of Organization**

U.S. Government Entity

Business Types/Grants

2F - U.S. State Government

V2 - Grants

DISASTER RESPONSE INFORMATION

Bonding Levels

Construction Bonding Level, Per Contract (dollars):

Construction Bonding Level, Aggregate (dollars):

Service Bonding Level, Per Contract (dollars):

Service Bonding Level, Aggregate (dollars):

Geographic Areas Served

No geographic areas specified

GOODS / SERVICES

North American Industry Classification System (NAICS)

921190 - Other General Government Support

Product Service Codes (PSC)

Federal Supply Classification (FSC)

SMALL BUSINESS TYPES

SDB, 8A and HubZone certifications come from the Small Business Administration and are not editable by CCR vendors.

Business Types Expiration Date

North American Industry Classification System (NAICS)

The small business size status is derived from the receipts, number of employees, assets, barrels of oil, and/or megawatt hours entered by the vendor during the registration process.

NAICS Code	Description	Small Business	Emerging Small Business
921190	Other General Government Support	No	No

CCR POINTS OF CONTACT

Government Business Primary POC

Name: DONALD PALMER

Address Line 1: 1100 BANK STREET

Address Line 2: 1ST FLOOR

Government Business Alternate POC

Name: JUSTIN RIEMER

Address Line 1: 1100 BANK STREET

Address Line 2: 1ST FLOOR

City: RICHMOND
State: VA
Foreign Province:
Zip/Postal Code: 23219-3639
Country: USA
U.S. Phone: 804-864-8901
Non-U.S. Phone:
Fax: 804-786-2045

Past Performance Primary POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Primary POC

Name: MATTHEW DAVIS
Address Line 1: 1100 BANK STREET
Address Line 2: 1ST FLOOR
City: RICHMOND
State: VA
Foreign Province:
Zip/Postal Code: 23219-3639
Country: USA
U.S. Phone: 804-864-8901
Non-U.S. Phone:
Fax:

City: RICHMOND
State: VA
Foreign Province:
Zip/Postal Code: 23219-3639
Country: USA
U.S. Phone: 804-864-8901
Non-U.S. Phone:
Fax: 804-786-2045

Past Performance Alternate POC

Name:
Address Line 1:
Address Line 2:
City:
State:
Foreign Province:
Zip/Postal Code:
Country:
U.S. Phone:
Non-U.S. Phone:
Fax:

Electronic Business Alternate POC

Name: SHARON WOO
Address Line 1: 1100 BANK STREET
Address Line 2: 1ST FLOOR
City: RICHMOND
State: VA
Foreign Province:
Zip/Postal Code: 23219-3639
Country: USA
U.S. Phone: 804-864-8901
Non-U.S. Phone:
Fax:



Electronic Absentee Systems for Elections

EASE Grants

Number: 12.217

Agency: Department of Defense

Office: Federal Voting Assistance Program

PROGRAM INFORMATION

Authorization (040):

10 U.S.C. 2358

42 USC 1973ff et al

42 USC 1973gg et al

10 USC 1566

10 USC 1566a

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(a)

PL 107-107, sec 1604, as amended by PL 108-375, Sec 567(b)

NDA 2010 Sec 589, Executive Order Executive Order 12642, 10 U.S.C 2358

Objectives (050):

The objective of these activities will be to:

1. Establish and ensure successful, sustainable and affordable electronic tools that will improve voting systems for voters protected by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA).
2. Increase the percentage of ballots successfully returned by UOCAVA voters to be either equal to, or greater than the percentage of ballots returned by the general voting population.
3. Collect and analyze data to increase effectiveness of absentee voting procedures and systems.
4. Establish and maintain a pipeline of ideas, techniques and best practices of Election Officials and their services for UOCAVA voters.

Types of Assistance (060):

Project Grants

Uses and Use Restrictions (070):

Develop innovative electronic election systems tools that will reduce impediments faced by UOCAVA voters.

Eligibility Requirements (080)

Applicant Eligibility (081):

Applicants are encouraged to develop innovative approaches that utilize their unique assets, capabilities, locations, and personnel.

Beneficiary Eligibility (082):

The amount and period of performance of each selected proposal may vary depending on the research area and the technical approach to be pursued by the selected offeror.

Credentials/Documentation (083):

Costs will be determined in accordance to applicable regulations, applicable cost principles and appropriated OMB guidance (such OMB Circular A-87 for State, Local, and Indian Tribal Governments). Applicants may be required to demonstrate that they have the appropriate background, training, experience, and /or equipment to carry out the purposes of the assistance. OMB Circular No. A-87 applies to this program.

Application and Award Process (090)

Preapplication Coordination (091):

Preapplication coordination is not applicable. Environmental impact information is not required for this program. This program is excluded from coverage under E.O. 12372

Application Procedures (092):

OMB Circular No. A-102 applies to this program. This program is excluded from coverage under OMB Circular No. A-110

Award Procedure (093):

Award decisions will be based on a competitive selection of proposals based on a scientific, technical, management and cost review. Evaluations will be conducted using the following evaluation criteria: number of UOCAVA voters served, sustainability, innovation, scalability, approach. The Government will evaluate options for award purposes by adding the total cost for all options to the total cost for the basic requirement. Evaluation of options will not obligate the Government to exercise the options during grant performance.

Deadlines (094):

Not Applicable.

Range of Approval/Disapproval Time (095):

From 60 to 90 days. Although DoD will attempt to make award decisions with in sixty (60) to ninety (90) days; actual approval time may vary and depend in part on how quickly DoD obtains the required information and forms.

Appeals (096):

Not Applicable.

Renewals (097):

Not Applicable.

Assistance Consideration (100)

Formula and Matching Requirements (101):

Statutory formulas are not applicable to this program.

This program has no matching requirements.

This program does not have MOE requirements.

Length and Time Phasing of Assistance (102):

The terms of the assistance shall be determined at time of award. The length and time-phasing of the assistance will be stated in the assistance instrument and appropriately limited by the lawful availability of funds. See the

following for information on how assistance is awarded/released: See the following for information on how assistance is awarded/released: Mutually agreeable schedule for release of funds.

Post Assistance Requirements (110)

Reports (111):

Final report. SF-425. Programmatic interim report

Data collection points reports. No expenditure reports are required. No performance monitoring is required.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. none

Records (113):

The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this grant have access to and right to examine any of the recipient's directly pertinent books, documents, papers, or other records involving transactions related to this grant.

Financial Information (120)

Account Identification (121):

97-0400-7-3-010.

Obligations (122):

(Project Grants) FY 10 Not Available(Exp: First year grant); FY 11 \$3,000,000; FY 12 \$1,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

DoD Grant and Agreement Regulations and applicable OMB Circulars

Information Contacts (150)

Regional or Local Office (151) :

None.

Headquarters Office (152):

Kortnee R. Stewart 1155 Defense Pentagon RPN 12063 , Washington, District of Columbia 20301 Email:

Kortnee.stewart@whs.mil Phone: (703) 696-2461 Fax: (703) 588-1990

Website Address (153):

<http://www.fvap.gov>

Related Programs (160):

Not Applicable.

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Proposals should identify programs and methods that will be used to foster and develop products to lessen the impediments that exist for the UOCAVA voter. Award decisions will be founded on a competitive selection of proposals that are based on scientific, technical, management and cost review as well as relevance and contributions as they relate to FVAP's specific EASE Grant Program goals.

DELEGATION LETTER OF POST-AWARD ADMINISTRATION – FEDERAL ASSISTANCE INSTRUMENTS

1. TO (Administrative Grants Office): DCMA Manassas 10500 Battleview Parkway, Suite 200 Manassas, VA 20109-2342	2. FROM (DHRA Grants Office): Defense Human Resources Activity 4800 Mark Center Drive, Suite 07G12 Alexandria, VA 22350-1300	
3. NAME AND ADDRESS OF RECIPIENT Virginia State Board of Elections 1100 Bank Street Richmond, VA 23219-3639 POC: Mr. Matthew Davis (804) 864-8905	4a. AWARD NUMBER H98210-12-1-0008 4b. AWARD DATE 31 October 2011	5a. FACE VALUE \$1,818,099.00 5b. COST SHARE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6. INSTRUMENT TYPE Grant	7. COMPLETION DATE 30 October 2016

8. AUTHORITY AND AWARD OBJECTIVES (Describe briefly)
 Authority: 10 U.S.C. 2358. a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters.

9. You are hereby authorized to act as my representative in the administration of this Federal Assistance instrument. The functions delegated to you for administration are those listed in 32 CFR 22.715.

10. You are further authorized, within the limits of the award, to re-delegate the functions delegated to you by paragraph 9 above, unless re-delegation authority is specifically withheld. Any re-delegation of functions to be performed will be directed to the DHRA Grants Officer listed below.

11. You are requested to provide the DHRA Grants Officer with copies of all communications relating to the administration of the award that you consider significant.

12. Please acknowledge acceptance of this delegation by returning one (1) signed copy within 5 work days of receipt to the DHRA Grants Officer.

13. TYPED NAME OF GRANTS OFFICER ROBERT J. LAVELLE	14. SIGNATURE OF GRANTS OFFICER (b) (6)	15. DATE SIGNED 31 OCT 2011
--	---	---

16. DHRA PERSONNEL TO CONTACT WHEN NECESSARY:

<u>Contact Name/Function</u>	<u>Telephone</u>	<u>FAX</u>	<u>E-Mail Address</u>
Robert J. Lavelle/Grants Officer	(571) 372-2614	(571) 372-2599	Bob.Lavelle@osd.pentagon.mil

17. ACKNOWLEDGEMENT OF RECEIPT OF DELEGATION:

NAME: _____ TITLE: _____

TELEPHONE: _____ FAX NO: _____

E-MAIL: _____

STANDARD INSTRUCTIONS: In addition to the procedures of 32 CFR 31.3, administrative requirements for grants and cooperative agreements are specified in the following DoD Grant and Agreement Regulations:

Standard administrative requirements for grants and cooperative agreements are specified by:

**APPLICABLE TO
THIS INSTRUMENT**

32 CFR (DoD Grant and Agreement Regulations, DoD 3210.6-R)

- 32 CFR 32, the DoD implementation of OMB Circular A-110, for grants and cooperative agreements performed by domestic institutions of higher education and nonprofit organizations.
- 32 CFR 32, to the maximum extent practicable, for grants and cooperative agreements with foreign recipients.
- 32 CFR 33, the DoD implementation of OMB Circular A-102, for grants and cooperative agreements performed by State and local governments.
- 32 CFR 34, for commercial organizations.
- 32 CFR 37, for special requirements as specified, to administer cooperative agreements under the authority of 10 U. S. C. 2371.

The delegated functions and the special instructions provided in this delegation apply only to the extent that they are applicable under the terms and conditions of the award instrument. Nothing in this delegation is intended to supersede or to provide direction outside the award provisions.

The DHRA Grants Officer hereby request that your office perform a post-award conference and provide DHRA with the minutes of the conference. The DHRA Grants Officer is unable to attend, but may be contacted via telephone during the post-award conference, if necessary.

If it is believed that there is any conflict between this delegation and the award provisions, the Delegating Grants Officer identified on the Letter of Delegation should be notified immediately.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
--	--	--

* 3. Date Received: Completed by Grants.gov upon submission.	4. Applicant Identifier: _____
---	-----------------------------------

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
---	--

State Use Only:

6. Date Received by State: _____	7. State Application Identifier: _____
----------------------------------	--

8. APPLICANT INFORMATION:

* a. Legal Name: Elections, Virginia State Board of _____

* b. Employer/Taxpayer Identification Number (EIN/TIN): (b) (4) _____	* c. Organizational DUNS: (b) (4) _____
--	--

d. Address:

* Street1:	1100 Bank Street
Street2:	1st Floor
* City:	Richmond
County/Parish:	_____
* State:	VA: Virginia
Province:	_____
* Country:	USA: UNITED STATES
* Zip / Postal Code:	23219-3639

e. Organizational Unit:

Department Name: _____	Division Name: _____
---------------------------	-------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr.	* First Name: Matthew
Middle Name: _____	
* Last Name: Davis	
Suffix: _____	

Title: Information Services Manager

Organizational Affiliation:

* Telephone Number: 804-864-8905	Fax Number: _____
----------------------------------	-------------------

* Email: matthew.davis@sbe.virginia.gov

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-BAA-11-0001

* Title:

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Virginia Comprehensive UOCAVA Voter Life-Cycle Portal Project and the Evaluation of Technology Options for Advanced UOCAVA Solutions

Attach supporting documents as specified in agency instructions.

Add Attachment

Delete Attachment

View Attachment

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.



17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,818,099.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,818,099.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

- Yes No

If "Yes", provide explanation and attach



21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

*** Applicant Organization Name:**

Elections, Virginia State Board of

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Manager

Prefix: Mr.

*** First Name:** Matthew

Middle Name:

*** Last Name:** Davis

Suffix:

Title: Information Services Manager

Organizational Affiliation:

*** Street1:** 1100 Bank Street

Street2: 1st Floor

*** City:** Richmond

County:

*** State:** VA: Virginia

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 23219-3639

*** Telephone Number:** 804-864-8905

Fax:

*** Email:** matthew.davis@sbe.virginia.gov

Delete Entry

Next Person

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Comprehensive UOCAVA Voter Life-Cycle Portal Project	12.217	\$ 1,168,099.00	\$	\$	\$	\$ 1,168,099.00
2. Evaluation of Technology Options for Advanced UOCAVA Solutions	12.217	400,000.00				400,000.00
3. Current Voter Registration System Modifications for Portal Project	12.217	250,000.00				250,000.00
4.						
5. Totals		\$ 1,818,099.00	\$	\$	\$	\$ 1,818,099.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Comprehensive UOCAVA Voter Life-Cycle Portal Project	Evaluation of Technology Options for Advanced UOCAVA Solutions	Current Voter Registration System Modifications for Portal Project		
a. Personnel	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
b. Fringe Benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. Travel	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Equipment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Contractual	1,168,099.00	400,000.00	<input type="text"/>	<input type="text"/>	1,568,099.00
g. Construction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
h. Other	<input type="text"/>	<input type="text"/>	250,000.00	<input type="text"/>	250,000.00
i. Total Direct Charges (sum of 6a-6h)	1,168,099.00	400,000.00	250,000.00	<input type="text"/>	\$ 1,818,099.00
j. Indirect Charges	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
k. TOTALS (sum of 6i and 6j)	\$ align="right">1,168,099.00	\$ align="right">400,000.00	\$ align="right">250,000.00	\$ <input type="text"/>	\$ align="right">1,818,099.00
7. Program Income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Authorized for Local Reproduction

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. TOTAL (sum of lines 8-11)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ <input type="text" value="1,461,220.00"/>	\$ <input type="text" value="1,011,220.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="200,000.00"/>	\$ <input type="text" value="0.00"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="1,461,220.00"/>	\$ <input type="text" value="1,011,220.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="200,000.00"/>	\$ <input type="text" value="0.00"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. Comprehensive UOCAVA Voter Life-Cycle Portal Project	\$ <input type="text" value="87,270.00"/>	\$ <input type="text" value="88,580.00"/>	\$ <input type="text" value="89,904.00"/>	\$ <input type="text" value="91,125.00"/>
17. Evaluation of Technology Options for Advanced UOCAVA Solutions	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>
18. Current Voter Registration System Modifications for Portal Project	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="87,270.00"/>	\$ <input type="text" value="88,580.00"/>	\$ <input type="text" value="89,904.00"/>	\$ <input type="text" value="91,125.00"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Key Contacts Form

* Applicant Organization Name:

Elections, Virginia State Board of

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix: Mr.

* First Name: Matthew

Middle Name:

* Last Name: Davis

Suffix:

Title: Information Services Manager

Organizational Affiliation:

* Street1: 1100 Bank Street

Street2: 1st Floor

* City: Richmond

County:

* State: VA: Virginia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 23219-3639

* Telephone Number: 804-864-8905

Fax:

* Email: matthew.davis@sbe.virginia.gov

Key Contacts Form

* Applicant Organization Name:

Elections, Virginia State Board of

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix: Mrs.

* First Name: Sharon

Middle Name:

* Last Name: Woo

Suffix:

Title: Business Manager

Organizational Affiliation:

* Street1: 1100 Bank Street

Street2: 1st Floor

* City: Richmond

County:

* State: VA: Virginia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 23219-3639

* Telephone Number: 804-864-8933

Fax:

* Email: sharon.woo@sbe.virginia.gov

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="07/13/2011"/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="(b) (4)"/>	* c. Organizational DUNS: <input type="text" value="(b) (4)"/>
---	---

d. Address:

* Street1:	<input type="text" value="1100 Bank Street"/>
Street2:	<input type="text" value="1st Floor"/>
* City:	<input type="text" value="Richmond"/>
County/Parish:	<input type="text"/>
* State:	<input type="text" value="VA: Virginia"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="USA: UNITED STATES"/>
* Zip / Postal Code:	<input type="text" value="23219-3639"/>

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
--	--

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Matthew"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Davis"/>	
Suffix: <input type="text"/>	

Title:

Organizational Affiliation:

* Telephone Number: <input type="text" value="804-864-8905"/>	Fax Number: <input type="text"/>
---	----------------------------------

* Email:

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

*** 10. Name of Federal Agency:**

Department of Defense

11. Catalog of Federal Domestic Assistance Number:

12.217

CFDA Title:

Electronic Absentee Systems for Elections

*** 12. Funding Opportunity Number:**

H98210-EAA-11-0001

*** Title:**

Federal Voting Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Virginia Comprehensive UOCAVA Voter Life-Cycle Portal Project and the Evaluation of Technology Options for Advanced UOCAVA Solutions

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,818,099.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,818,099.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:
 Middle Name:
 * Last Name:
 Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised	
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)
1. Comprehensive UOCAVA Voter Life-Cycle Portal Project	12.217	\$ 1,168,099.00	\$	\$	\$
2. Evaluation of Technology Options for Advanced UOCAVA Solutions	12.217	400,000.00			
3. Current Voter Registration System Modifications for Portal Project	12.217	250,000.00			
4.					
5. Totals		\$ 1,818,099.00	\$	\$	\$

Pres

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			
	(1)	(2)	(3)	(4)
	Comprehensive UOCAVA Voter Life-Cycle Portal Project	Evaluation of Technology Options for Advanced UOCAVA Solutions	Current Voter Registration System Modifications for Portal Project	
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual	1,168,099.00	400,000.00		
g. Construction				
h. Other			250,000.00	
i. Total Direct Charges (sum of 6a-6h)	1,168,099.00	400,000.00	250,000.00	
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$ align="right">1,168,099.00	\$ align="right">400,000.00	\$ align="right">250,000.00	\$
7. Program Income	\$	\$	\$	\$

Authorized for Local Reproduction

Prescr

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other S
8. <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
9. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. <input type="text"/>			
11. <input type="text"/>			
12. TOTAL (sum of lines 8-11)	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Qua
13. Federal	\$ <input type="text" value="1,461,220.00"/>	\$ <input type="text" value="1,011,220.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="250,000.00"/>
14. Non-Federal	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input type="text" value="1,461,220.00"/>	\$ <input type="text" value="1,011,220.00"/>	\$ <input type="text" value="250,000.00"/>	\$ <input type="text" value="250,000.00"/>

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Y		
	(b)First	(c) Second	(d) Thi
16. Comprehensive UOCAVA Voter Life-Cycle Portal Project	\$ <input type="text" value="87,270.00"/>	\$ <input type="text" value="88,580.00"/>	\$ <input type="text"/>
17. Evaluation of Technology Options for Advanced UOCAVA Solutions	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text"/>
18. Current Voter Registration System Modifications for Portal Project	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text"/>
19. <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. TOTAL (sum of lines 16 - 19)	\$ <input type="text" value="87,270.00"/>	\$ <input type="text" value="88,580.00"/>	\$ <input type="text"/>

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: <input type="text"/>	22. Indirect Charges: <input type="text"/>
23. Remarks: <input type="text"/>	

Authorized for Local Reproduction

Pre



FEDERAL VOTING ASSISTANCE PROGRAM

Department of Defense
Rosslyn Plaza North
1777 North Kent Street
14th Floor, Suite 14003
Arlington, VA 22209-2162

September 12, 2011

FOR: ROBERT J. LAVELLE, GRANTS OFFICER, DEFENSE HUMAN RESOURCES
ACTIVITY – PROCUREMENT SUPPORT OFFICE

FROM: Bob Carey, Director, Federal Voting Assistance Program

SUBJECT: Grant Award Recommendations under BAA H98210-BAA-11-0001

Background:

On 13 July 2011, fifty (50) Applications for Federal Assistance were received by the Defense Human Resources Activity – Procurement Support Office (PSO), in response to Broad Agency Announcement (BAA) H98210-BAA-11-0001.

During the period of 26 – 28 July 2011, the Technical Proposal portions of the Applications were evaluated by a panel comprised of Subject Matter Experts.

Upon conclusion of the technical evaluation, the FVAP staff performed a Cost Benefit Analysis during the period of 29 July through 15 August 2011.

The analysis of cost, benefit and return of investment of the proposed research and/or tool was a pertinent element for FVAP staff. Staff compared the cost per expected voter transaction, over time, to the relative benefits of the proposals' description of return of investment (ROI) and other measures, as analyzed and measured by the Technical Evaluation Board. For proposals that entailed several components to be phased or implemented in modules, FVAP staff examined the complete capability of each component.

Based upon the findings of the technical evaluation and cost benefit analysis, I recommendation the following initial grant awards:

Name of Recommended Awardees	Maximum Proposed Budget
a. County of Santa Cruz, CA	\$25,000.00
b. County of King, WA	\$824,400.00
c. State of Virginia	\$1,818,099.00
d. State of Ohio	\$1,906,000.00
e. State of New York	\$2,480,597.00
f. County of El Dorado, CA	\$1,831,665.00
g. County of Okaloosa , FL (Proposal 1)	\$1,639,878.00
h. State of Maryland	\$903,719.00
i. State of South Dakota	\$882,970.00
j. State of California	\$468,522.00

However, I believe there are significant savings that can be still be negotiated from most of these proposals. Therefore, I ask you negotiate appropriate cost reductions with the above

recommended awardees, involving designated FVAP staff in those negotiations for technical expertise and support. As these discussions are completed, I will advise of the approval or disapproval of the revised application (technical and/or budget). Further, as the results of these negotiations proceed, I will provide additional recommendations until the available funds are exhausted.

Attached are technical approach and budget proposal analysis and recommendations for these initial award recommendations.

MEMORANDUM FOR THE OFFICIAL GRANT FILE (OGF)

SUBJECT: Rationale to Enter Into Grant No. H98210-12-1-0008 with the Virginia State Board of Elections

1. BACKGROUND.

On 08 October 2009, the Director, Defense Procurement and Acquisition Policy (DPAP) granted the Defense Human Resources Activity (DHRA) with Delegation of Authority to establish the Procurement Support Office (PSO). This delegation enabled the PSO to exercise procurement authority in support of the DHRA Components.

At that time the PSO did not have authority to enter into Federal Assistance instruments (i.e., grants or cooperative agreements), nor did the PSO have a warranted Grants Officer. The Federal Voting Assistance Program (FVAP) directed their Electronic Absentee Systems for elections (EASE) grant program requirement to Washington Headquarters Services (WHS), Acquisition Directorate to solicit, negotiate and award multiple grants. It was determined that the eligible entities under this Program would be State and Local governments.

During the period of 02 February through 11 May 2011, WHS, FVAP and the PSO jointly developed the requirements for the EASE Grant Program. The purpose of this grant program is to receive proposals that will fulfill a public purpose of support by improving the voting experience of UOCAVA voters, reduce voting impediments faced by them, and stimulate the development of innovative approaches to absentee voting by UOCAVA voters. On 11 May 2011, Ms. Sharon Cooper, Director DHRA approved the FVAP EASE Grant Program.

WHS issued Broad Agency Announcement (BAA) HQ0034-FVAP-11-BAA -0001 on 18 May 2011; the due date for receipt of Applications was established as 22 June 2011.

WHS issued Amendment #1 on 20 May 2011, to increase the estimated total award ceiling to \$15,500,000.00. Amendment #2 was issued later that day, to increase the estimated total award ceiling to \$16,000,000.00 and added US Territories as eligible entities. WHS issued Amendment #3 on 03 June 2011, to increase the estimated total award ceiling to \$16,200,000.00 and extend the due date for Application submission to 11 July 2011.

During the period of 03 – 10 June 2011, the Director of WHS-Acquisition and Procurement Office and the Director, DHRA Procurement Support Office agreed to transfer oversight of the BAA and resulting award process to DHRA-PSO.

On 17 June 2011 the DHRA-PSO Grants Officer posted a “conformed copy” of the WHS BAA as BAA H98210-BAA-11-0001 to Grants.gov. All potential Applicants were advised that the DHRA-PSO BAA superseded the WHS BAA. All future inquiries would be made directly to Mr. Robert Lavelle (DHRA-PSO Grants Officer).

On 20 June 2011, the PSO issued Amendment #1 (minor corrections) and Amendment #2 in order to provide potential Applicants with additional questions and Government responses, and to extend the due date for receipt of Applications to 13 July 2011.

In response to the PSO BAA, fifty (50) Applications were received. During the period of 14 – 25 July the PSO Grants Officer reviewed the Applications, Budgets and supporting documentation to ensure compliance with the terms and conditions of the BAA and the DoD Grant and Agreement Regulations. Two Applicants were advised that their Applications were initially received by Grants.gov, but had internal errors (to Grants.gov) and were not re-submitted to Grants.gov prior to the suspense date and time.

During the period of 26-28 July, the FVAP Evaluation Panel convened. The panel was comprised of Mr. Paddy McGuire (Panel Chairman and Deputy Director of FVAP), Ms. Robin Burgess (FVAP Program Officer) and Mr. Andrew Rivera (FVAP Analyst). In addition, thirteen (13) non-Federal former Election Officials, served as Subject Matter Experts; these individuals were non-voting members of the panel.

Applications were evaluated in accordance with the following factors, incorporated under the BAA:

1. Significance (Factor 1)

FVAP research indicates that UOCAVA voters experience a higher failure in every stage of the voting process than comparable populations in the general electorate. Therefore, grant applications that address various stages of the voting process are encouraged, especially those that provide online voter registration and absentee ballot application capabilities, improved and more seamless access to UOCAVA voter information (such as user-friendly online information websites), or tools that confirm voter success or failure at completing various stages of the voting process.

2. Sustainable (Factor 2)

Grant proposals should address sustainability, both in terms of continuing to provide FVAP research, testing, and evaluation data over time, as well as in terms of demonstrating how the application tool can be cost-effectively sustained by State or local election officials (as appropriate) over time.

3. Impact (Factor 3)

The number of UOCAVA voters affected will serve as a measurement as to how much of an impact of the proposed project will have on the UOCAVA population. Impact also addresses the expected number of additional registrations, absentee ballot applications, information enquiries, ballot transmissions, ballot markings, or ballot returns are successfully completed.

4. Strategic Approach (Factor 4)

The proposed project must have a basis upon the presentation of a credible hypothesis (or set of hypotheses) and a well-defined and appropriate plan to test that hypothesis. Such hypotheses should advance the body of knowledge needed to alleviate the obstacles faced by UOCAVA voters in their absentee voting process as well as identify risk areas and provide mitigating strategies and controls as well as benchmarks for success.

5. Innovation (Factor 5)

Innovation reflects the discovery or implementation of new technologies. Preferably, these new technologies will lead to the development of processes, products, and techniques that other jurisdictions can replicate.

Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections.

6. Scalability (Factor 6)

Scalability is the ability of the proposed project to continue to function well when it changed in size or scope in order to meet a broad range of election officials' needs. A scalable system is able to maintain, at a minimum, its level of performance or efficiency when applied to different operational demands.

7. Collaborative (Factor 7)

This is the extent to which the grant application demonstrates collaboration of effort from more than one jurisdiction. Solutions developed collaboratively by multiple jurisdictions will likely be more exportable to other jurisdictions.

Upon completion of the technical evaluation process, FVAP staff conducted evaluation of the Application Budgets (and supporting documentation. This evaluation for "Return on Investment (ROI)" was incorporated under the BAA at Factor #8:

8. Cost Benefit Analysis (Factor 8)

Analysis of cost, benefit and return of investment of the proposed research and/or tool is pertinent. A comparison of cost versus benefits based on initial investments and a detailed description of return of investment (ROI) measures is essential. For proposals that entail several components that can, in effect, be phased or implemented in modules, where each can be a complete capability. Itemizations of each capability as well as the cost benefit analysis of each capability need to be included for proper evaluation in the event of partial funding.

Due to the large number of Applications received, it was determined that grant awards would be in two (or more) Phases. On 12 September 2011, Mr. Robert Carey (Director, FVAP)

provided the PSO with award recommendations for grant awards in Phase I. The Grants Officer accepted the recommendations on 13 September 2011.

Discussions were conducted with the Phase I Applicants during the period of 23 – 28 September 2011. As a result of those discussions, the Virginia State Board of Elections is hereby recommended for a grant award, supported by the documentation set forth herein.

2. AUTHORIZATION AND APPROVAL.

Enabling Legislation. This Grant is awarded under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects.

3. PRE-AWARD DOCUMENTS.

TAB A1 - Purchase Request No. HQ0579-1290-0008-000 (dated 21 October 2011) was received in the amount of **\$1,818,099.00** to provide for full funding of the Grant. Research, Development, Test and Evaluation (RDT&E) is made available for this Grant.

TAB A3 – FVAP is in compliance with the requirements of the Catalog of Federal Domestic Assistance (CFDA), under Program Number **12.217**.

TAB A6 – FVAP’s Action Memo on the use of grant and cooperative agreement authority (dated 20 December 2010) was determined to be legally sufficient by Ms. Heather J. LoPresti, Associate General Counsel on 22 December 2010.

TAB A8 – The Recipient’s Initial Application, Budget, Technical Proposal and supporting documentation served as the basis for the Government’s discussion issues.

TAB A9 – The Recipient was provided the Government’s issues in advance of the discussion session. Discussions were held via telephone conference call on 23 September 2011. FVAP raised several issues with regard to the Recipient’s Technical Proposal. Terms and conditions of the proposed Grant award were also discussed:

a. Effective Date of Award – 31 October 2011, pending acceptance of the terms and conditions by the Recipient.

b. Term of the Grant cannot exceed sixty (60) months. The Parties agreed that the end date of the Grant will be 30 October 2016.

c. Payment will be on a reimbursement basis. The Recipient shall use Wide Area Workflow (WAWF) for submission of payment requests; the Recipient must be registered in WAWF within ten days of award.

d. Pre-award costs will be allowable from 13 July 2011 through the effective date of award.

e. Data Collection Point Reports (Report Requirements will be incorporated at Section D of the Grant award) will be used in lieu of Quarterly Performance Reports.

f. Financial Reports (SF 425) will be submitted on a quarterly basis.

g. The Grants Officer advised the Recipient that an electronic copy (or Internet link to) its most recent Comprehensive Financial Report and its Procurement Procedures. The Recipient provided the URL link to these documents via e-mail, following conclusion of discussions.

h. The Defense Contract Management Agency will provide post-award administration of the Grant. DCMA will provide for certification of all payment requests; surveillance will include the Recipient's Financial, Procurement and Property Administration systems. The DCMA Administrative grants Officer will be instructed to provide for a post-award briefing to the Recipient.

i. The Recipient's Application (SF 424, SF 424A and Technical Proposal) will be incorporated by reference into the Grant award.

TAB A11 -- On 12 September 2011, Mr. Robert Carey, Director FVAP, recommended ten (10) Applicants for award under Phase I of the award process. The Applicant's SF424 and SF424A and the Recipient's Technical Proposal will be incorporated in the award by reference.

4. BUDGET/TECHNICAL ANALYSIS.

Initial Budget (SF 424A) and Supporting Documentation. The amounts proposed for Object Class Categories for the term of the Grant are as follows:

SECTION B - BUDGET			
OBJECT CLASS CATEGORIES	FEDERAL	NON-FEDERAL	TOTAL
Personnel	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -
Equipment	\$ 62,200.00	\$ -	\$ 62,200.00
Supplies	\$ 88,728.00	\$ -	\$ 88,728.00
Contractual	\$ 1,444,200.00	\$ -	\$ 1,444,200.00
Construction	\$ -	\$ -	\$ -
Other	\$ 44,750.00	\$ -	\$ 44,750.00
Total Direct Charges	\$ 1,639,878.00	\$ -	\$ 1,639,878.00
Indirect Charges	\$ -	\$ -	\$ -
TOTALS	\$ 1,639,878.00	\$ -	\$ 1,639,878.00
Program Income	\$ -	\$ -	\$ -

Budget (SF 424A) Analysis. Based on the results of discussions, the Recipient submitted a revised budget on 04 October 2011.

SECTION B - BUDGET		
OBJECT CLASS CATEGORY	BASE	PERCENTAGE
Personnel	\$ -	0.00%
Fringe Benefits	\$ -	0.00%
Travel	\$ -	0.00%
Equipment	\$ -	#DIV/0!
Supplies	\$ -	0.00%
Contractual	\$ 1,568,099.00	86.25%
Construction	\$ -	0.00%
Other	\$ 250,000.00	13.75%
Total Direct Charges	\$ 1,818,099.00	
Indirect Charges	\$ -	
TOTAL	\$ 1,818,099.00	

The Grants Officer has determined that the Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Recipient has not proposed indirect rates. Based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is reasonable and acceptable.

Pursuant to 32 CFR 33.26, the Recipient's annual audit was conducted in accordance with the generally accepted auditing standards, and the Office of Management and Budget (OMB) Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*". The findings noted no matters involving the internal control structure and its operations that would be considered to be material weaknesses as defined under standards established by the American Institute of Certified Public Accountants.

TAB B2 – The Grants Officer will designate Ms. Robin Burgess as the FVAP Program Officer under this Grant.

TAB B3 - The Defense Contract Management Agency (DCMA) – Manassas will be delegated as the Administrative Grants Office (AGO) for post-award administration of this Agreement.

5. DETERMINATION OF A REASONABLE/ACCEPTABLE BUDGET. The Grants Officer has determined that the proposed Recipient has reliably demonstrated its ability to relate financial data to the proposed effort. The Grants Officer has determined that the Recipient has proposed an appropriate level of support for the provision and delivery of services as may be required. Therefore, based on the information provided, analysis and agreement of the parties, it has been determined that the Recipient's budget is fair and reasonable.

6. **RECIPIENT QUALIFICATIONS.** Pursuant to 32 CFR 22.1, the proposed Recipient has demonstrated that it has:

(a) Adequate financial and technical resources, given those that would be made available through the Agreement, to execute program activities envisioned under the Agreement;

(b) No known, recent record of lack of responsibility or serious deficiency in executing such programs or activities;

(c) No known, recent record indicating a lack of integrity or business ethics; (d) Is otherwise qualified and eligible to receive Contracts, Grants or Cooperative Agreements under applicable laws and regulations; and

(e) The Recipient is registered in the Central Contractor Registration (CCR) database with a validity period through 07 July 2012.

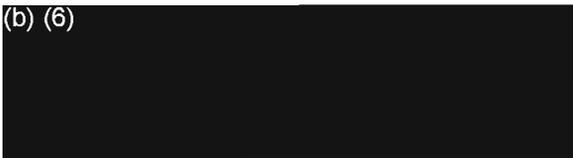
(f) The Recipient's DUNS, TIN and CAGE code are incorporated in Section B of the Grant to facilitate electronic funds transfer (EFT) through the Wide Area Workflow (WAWF) database.

7. **RATIONALE TO ENTER INTO PROPOSED GRANT.**

Based on the information set forth herein, the Grants Officer has determined that the proposed Grant reflects a relationship between the United States Government and the Recipient as authorized under the statutory authority of 10 U.S.C. § 2358 – Research and Development Projects..

The Official Grant File (OGF) contains all applicable documentation to support the Grant. It is therefore recommended that **H98210-12-1-0008** with the Virginia State Board of elections in the amount of **\$1,818,099.00** be approved in its final form.

(b) (6)



DATE: **31 October 2011**

ROBERT J. LAVELLE
Grants Officer



DEFENSE HUMAN RESOURCES ACTIVITY
PROCUREMENT SUPPORT OFFICE
4800 MARK CENTER DRIVE, SUITE 07G12
ALEXANDRIA, VA 22350-1300

31 October 2011

Ms. Robin Burgess
Federal Voting Assistance Program
1777 N. Kent Street, Suite 14003
Alexandria, VA 22209-2162

SUBJECT: Designation as Program Officer (PO) Under Grant Number H98210-12-1-0007

1. You are hereby designated as the Program Officer (PO) for the subject Grant.
2. During the term of the Grant, you will insure that the Recipient is in compliance with all technical aspects of the Grant and submits required reports in a timely manner as specified in the Grant Schedule. If Recipient's performance is not satisfactory or deliverable items are not delivered as required by the terms of the Grant, immediately advise the Grants Officer of the facts in writing.
3. You are authorized to take action necessary to:
 - (a) Assure the Recipient performs the technical requirements in accordance with the Grant terms, funding, conditions and specifications; and,
 - (b) Maintain liaison and direct communications with both the Recipient and the Grants Officer. Written communications and documents will be signed as "*Program Officer*" with a copy of correspondence to the Recipient furnished to the Grants Officer.
4. Limitations: You are not empowered to award, agree to, or sign any Grant or modification thereto, or in any way obligate the payment of money by the Government. You may not take any action which may impact on the Grant or delivery schedules, funds, or scope. All contractual issues, commitments, or modifications shall be made by the Grants Officer or the Administrative Grants Officer (as applicable).
5. You are not authorized to re-delegate your authority. This designation as Program Officer shall remain in effect through the life of the Grant, unless sooner revoked in writing by the Grants Officer. If your designation is revoked for any reason before completion of this Grant, turn your records over to the successor Program Officer or obtain disposition instructions from the Grants Officer.
6. You are required to maintain adequate records to describe sufficiently the performance of your duties as Grant Program Manager and to transfer such records as required. At a minimum, the PO File shall contain:

- (a) Copy of Designation Letter;
- (b) Copy of Grant and Modifications; and,
- (c) Copy of correspondence between the PO and Recipient.

7. Within thirty (30) days of completion of the Grant, receipt of notification of a personnel action which would preclude your continuing effectively as PO, or termination of your designation by the Grants Officer, you shall submit to the Grants Officer, an evaluation discussing the timeliness and quality of performance; the Recipient's compliance with the statement of work and terms of the Grant; and specific problems encountered during the life of the Grant and the resolution of those problems.

8. The designated Program Officer (PO) shall acknowledge receipt of this Delegation and return the acknowledgment to the undersigned Grants Officer.

(b) (6)



ROBERT J. LAVELLE
Grants Officer

ENCLOSURE
Acknowledgment of Receipt

DESIGNATION OF
PROGRAM OFFICER (PO)
ACKNOWLEDGEMENT OF RECEIPT

I have read and understand the Letter of Designation as the Program Officer (PO), under Grant
No: H98210-12-1-0007.

(NAME)

(SIGNATURE)

(DATE)



DEFENSE HUMAN RESOURCES ACTIVITY
HEADQUARTERS
4800 MARK CENTER DRIVE, SUITE 06J25-01
ALEXANDRIA, VA 22350-4000

22 September 2011

Via Email:

Matthew.davis@sbe.virginia.gov

Mr. Matthew Davis
Virginia State Board of Elections
1100 Bank Street, 1st Floor
Richmond, VA 23219

Dear Mr. Davis:

Pursuant to the terms and conditions of Broad Agency Announcement H98210-BAA-11-0001, the Defense Human Resources Activity (DHRA), in support of the Federal Voting Assistance Program Office (FVAP) is hereby initiating discussions with your organization. At my direction, the FVAP Program Officer will initiate a conference call in order to conduct these discussions, on 23 September 2011. The scheduled time to commence is at 2:00 PM (EST). The conference call number is (703) 695-4042, the Pass Code is 217679. Note that only four (4) phone lines are available (one for the DHRA Grants Officer, one for FVAP staff and two lines for your office and staff).

The intended participants of this conference call are the authorized representatives as cited in your application under the BAA. However, you may include others as deemed necessary. Note that proposed agreements to the discussion issues, and or agreements to the terms and conditions of a resulting grant will only be accepted between your organization and the DHRA Grants Officer.

The primary issues open for discussion follow. Additional questions may be undertaken as discussions progress.

Discussion Issues:

1. Under the Goals and objectives section, one of the key objectives for this project include: "Provide a means for VA to deploy a 'kiosk' version of the solution with deployed VA-based military units", however, there is no mention of kiosks in the Budget proposal. What is the cost allocated for this portion of the project proposed?
2. When after the initial award, will the system be complete for testing and report delivery?
3. What is your plan if after the grant funds are expended and more T&M costs are needed by VA to complete the pilot?
4. In addition to the research project, there are costs for the creation of several "Hoppers":
 - Web service Layer: \$100,000

- Absentee ballot Application: \$50,000
- Online Voter Registration: \$50,000
- Absentee Voting: \$50,000

How significant are these hoppers?

Please describe the difference between "Absentee ballot Application" and "Absentee Voting."

Are all of these components necessary to enable functionality of the Voter Life Cycle Portal?

What would be the impact of eliminating funding for one or more of the hoppers?

How did VA arrive at these budget numbers for the hoppers?

6. Part II, Section I.A.5-Innovation of the BAA specifically states: "Please note: The electronic transmission of voted ballots in an actual election will not be funded through these grants. However, FVAP will consider applications that propose demonstration projects that test the electronic transmission of voted ballots to analyze the security and reliability of online voted ballot transmission systems in environments other than actual elections. Please clarify whether the electronic return of ballots via secure email research mentioned in the Technical Proposal will be used in an actual election. If so, please identify the cost of development of this system.

If you have any questions or concerns regarding this notice, prior to the commencement of discussions, I may be contacted by telephone at (571) 272-2614 or via e-mail at bob.lavelle@osd.pentagon.mil

(b) (6)

Robert J. Lavelle
Grants Officer

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Sunday, May 20, 2012 5:00 PM
To: 'martha.adcock@sos.arkansas.gov'; 'rob.hammons@sos.arkansas.gov'
Cc: Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; 'lavelrj@verizon.net'
Subject: Changes to Grant Award H98210-12-1-0036
Attachments: H98210-12-1-0036.doc

Importance: High

Changed effective date of award (22 May 2012) (throughout document).
Changed Section D - Reporting Requirements. Changed phone number for
Martha. Attached.....

Sign/date cover page. Scan and return to me...

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 28, 2011 8:01 AM
To: Paul Lux; Shirley Young
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA; Spinato, Lynn
Subject: FVAP GRANT H98210-12-1-0013 --- AWARDED
Attachments: SecureZIP Attachments.zip
Signed By: bob.lavelle@osd.pentagon.mil

Importance: High

NOTE: Effective Date of Award is 03 January 2012

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, April 25, 2012 9:51 AM
To: Toni Pippins-Poole (Toni.Pippins-Poole@dallascounty.org); Kathy Glynn (Kathy.Glynn@dallascounty.org)
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: FVAP GRANT - H98210-12-1-0032 --- AWARDED
Attachments: DCMA DELEGATION.pdf; FVAP PO DESIGNATION.pdf; H98210-12-1-0032 --- AWARDED.pdf

1. EFFECTIVE DATE OF GRANT AWARD: 27 April 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the New Mexico Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. Post-award administration has been delegated to the Defense Contract Management Agency (DCMA) Dallas. The Administrative Grants Officer will be assigned by DCMA after transmission of the grant award via EDA. If an Administrative Grants Officer has not contacted you by May 11th - to schedule a post-award orientation conference, please advise me.
4. I will send out the original signed award after I get it from Federal Express.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614 TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Thursday, March 29, 2012 10:52 AM
To: 'jreynolds@elections.sc.gov'
Cc: Burgess, Robin CIV WHS/FVAP
Subject: FVAP Grant --- SF 424 Application and SF 424A Budget
Attachments: SF_424a_Budget_form.pdf; SF424.pdf

Ms. Reynolds: Received your voice mail and left a message in return. Use the Standard Forms (SF) for Application and Budget resubmissions.

Make sure to mark Block #1 of the SF 424 (Application) as "Change/Correction".

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, October 31, 2011 3:36 PM
To: Nicole Trella; Linda Lamone; Burgess, Robin CIV WHS/FVAP
Cc: McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: FVAP GRANT AWARD
Attachments: PO Designation.pdf; DCMA DELEGATION.pdf; H98210-12-1-0003 - AWARDED.pdf

NIKKI: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file.

ROBIN: You on the other hand, have to sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

I'll be contacting DCMA-Baltimore tomorrow. Then they can have a post-award briefing and work with you on administering the grant.

NOTE: Again, you are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release. I believe they are planning on doing that on 02 November.

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, November 04, 2011 8:34 AM
To: THOMAS CONNOLLY; Burgess, Robin CIV WHS/FVAP; Collins, Helen
Cc: McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: FVAP GRANT AWARD - H98210-12-1-0004
Attachments: SecureZIP Attachments.zip

Mr. Connolly: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file. You are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release.

Ms. Burgess: Please sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

Ms. Collins: As discussed earlier today, I will forward the Recipient's Application and supporting documentation for award (ZIP File) under a separate e-mail.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

HOME PHONE: (703) 354-4626
HOME EMAIL: lavelrj@verizon.net

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Tuesday, December 13, 2011 2:43 PM
To: Carol Guidry; Chrissie Weatherford; Caryn McGlinchey; Havemeyer, Gregory J
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: FVAP GRANT AWARD - H98210-12-1-0009
Attachments: FVAP PO Designation.pdf; DCMA Delegation.pdf; BILATERAL SIGNATURE COVER PAGE.pdf; doc01114320111212135423.pdf

Importance: High

Since I am working from home today, the award process had a hitch, but I overcame it. Thank heavens for FedEx-Office Store. After our system "batches" tonight, the EDA transmission of grant award will be sent to Defense Contract Management Agency (DCMA - Gregory Havemeyer) and the Defense Finance and Accounting Office.

The PDF for "BILATERAL SIGNATURE COVER PAGE" is well, simply just that. Please delete the cover page from the attachment named "doc111....." and substitute the Bilateral Signature Page.

Again, STRONGLY suggest that you contact Paddy McGuire/Robin Burgess for the press release of award. Note that the Government/Department of Defense does NOT include a provision for, nor do we allow for "review and approval" of press releases.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 14, 2011 1:21 PM
To: Mark Thomas; snaegle@utah.gov; Justin Lee
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA
Subject: FVAP GRANT AWARD --- H98210-12-1-0016
Attachments: SecureZIP Attachments.zip

Importance: High

Mr. Thomas:

You should be hearing from the Defense Contract Management Agency (DCMA) Administrative Grants Officer (AGO) shortly. As I said during our discussions, the AGO has responsibility of a number of post-award actions (including, but not limited to - assistance with WAWF and payment process, surveillance of financial and procurement systems, property accountability and closeout procedures).

If you haven't heard from anyone at DCMA-Dallas by 27 December, please let me know.

As for a press conference/news release, I STRONGLY advise you to discuss this with Mr. McGuire and Robin Burgess BEFORE you make any formal announcements.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 14, 2011 11:16 AM
To: Castro, Allen; Callanen, Jacque
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA
Subject: FVAP GRANT AWARD --- H98210-12-1-0019
Attachments: SecureZIP Attachments.zip

Importance: High

Dr. Castro:

You should be hearing from the Defense Contract Management Agency (DCMA) Administrative Grants Officer (AGO) shortly. As I said during our discussions, the AGO has responsibility of a number of post-award actions (including, but not limited to - assistance with WAWF and payment process, surveillance of financial and procurement systems, property accountability and closeout procedures).

If you haven't heard from anyone at DCMA-Dallas by 27 December, please let me know.

As for a press conference/news release, I STRONGLY advise you to discuss this with Mr. McGuire and Robin Burgess BEFORE you make any formal announcements.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, December 23, 2011 7:17 AM
To: Fraser, Beth (OSS); Kurz, Jenny (OSS); Wilson, Claire (OSS); amber.helbling@state.mn.us; gary.poser@state.mn.us
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP Grant H98210-12-1-0011 --- AWARDED
Attachments: SecureZIP Attachments.zip
Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 28 December 2011. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that Minnesota SOS plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Merry Christmas and a Happy New Year!

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, December 30, 2011 8:55 AM
To: Kelly Bateman
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0012 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 30 December 2011. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that the City of Chicago plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement "content" with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 21, 2011 2:17 PM
To: Aston, Sonya (CCO); German, John (CCO); Ballard, Jennifer (CCO); Stanart, Stan (CCO)
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0014 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

Happy Holidays!

1. EFFECTIVE DATE OF GRANT AWARD: 21 December 2011. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that Harris County plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 21, 2011 1:45 PM
To: Tammy Patrick - RISCX; Helen Purcell - RISCX; Karen Osborne - RISCX
Cc: Burgess, Robin CIV WHS/FVAP; McGuire, Paddy CIV FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP Grant H98210-12-1-0015 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

Sorry - Federal government ink dries slower... Happy Holidays to all of you as well!

1. EFFECTIVE DATE OF GRANT AWARD: 21 December 2011. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that Maricopa County plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

-----Original Message-----

From: Tammy Patrick - RISCX [<mailto:tpatrick@risc.maricopa.gov>]
Sent: Wednesday, December 21, 2011 1:23 PM
To: Lavelle, Bob J CIV DHRA; Helen Purcell - RISCX; Karen Osborne - RISCX
Cc: Burgess, Robin CIV WHS/FVAP
Subject: RE: Terms and Conditions - FVAP Grant H98210-12-1-0015

I think the ink is dry...
Happy Holidays!

Tammy Patrick
Federal Compliance Officer
Maricopa County Elections
111 S 3rd Avenue
Phoenix, AZ 85003

tpatrick@risc.maricopa.gov

☞Please consider the environment before printing this e-mail.

-----Original Message-----

From: Lavelle, Bob J CIV DHRA [<mailto:Bob.Lavelle@osd.pentagon.mil>]
Sent: Wednesday, December 21, 2011 11:08 AM

To: Tammy Patrick - RISCX; Helen Purcell - RISCX; Karen Osborne - RISCX
Cc: Burgess, Robin CIV WHS/FVAP
Subject: Terms and Conditions - FVAP Grant H98210-12-1-0015
Importance: High

Tammy: If the terms and conditions of the attached are acceptable, please have the cover page signed and dated by the authorized representative for Maricopa County. Scan and return to me via e-mail.

Changes to terms and conditions since our last discussions:

1. Effective Date of Award is 28 December 2011. This allows for processing time over the Christmas Holiday time.
2. Section B, Article 1 - added subparagraphs (a) through (d)
3. End date of award remains unchanged as 30 November 2016 (I have fiscal law issues if I go beyond that date)
4. Section C, Article 18 "Patents" added.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 21, 2011 8:38 AM
To: Tom Dougherty; Bill Cowles
Cc: Burgess, Robin CIV WHS/FVAP; McGuire, Paddy CIV FVAP; Spinato, Lynn; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA; Fiorito, Michael CIV FVAP
Subject: FVAP GRANT H98210-12-1-0021 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 23 December 2011. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that Orange County plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

-----Original Message-----

From: Tom Dougherty [<mailto:Tom.Dougherty@ocfelections.com>]
Sent: Tuesday, December 20, 2011 4:38 PM
To: Lavelle, Bob J CIV DHRA
Cc: Burgess, Robin CIV WHS/FVAP; McGuire, Paddy CIV FVAP; Bill Cowles
Subject: RE: FVAP GRANT - Final Terms and Conditions

Bob:

Please find attached the copy of the first page of the grant award signed by Mr. Cowles.

Let me know if we need to do anything further toward moving to the next phase of the process.

Again, we appreciate very much all of your effort and guidance.

Thank you.

Warmest regards,

Tom Dougherty
Technical Services
Orange County Supervisor of Elections
Desk: 407-254-6513
Cell: 407-470-7857
Email: tom.dougherty@ocfelections.com

ontact our office by phone or in writing.

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, January 13, 2012 11:53 AM
To: Paradine, Cindy (MDOS); hansont@michigan.gov
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0023 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 13 January 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that ENTITY plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

3. The Administrative Grants Officer with DCMA Detroit has not yet been assigned. They should contact me after they have received the electronic copy (transmitted via EDA) of the award from our contract/grant database. If they have not contacted you by the end of January to schedule a post-award orientation briefing, please contact me.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, January 04, 2012 6:45 AM
To: Kimmet, Lisa; Wendland, Justus
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0024 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 06 January 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that Montana plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. If you have not been contacted by the DCMA-Denver Administrative Grants Officer by January 20th, let me know.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Thursday, January 05, 2012 7:41 AM
To: O'Donoghue, Debbie; Bretschneider, Jennie; Goldberg, Evan
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0026 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 06 January 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that the California SOS plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

3. The grant award in our contract writing database is transmitted electronically via EDA to cognizant Defense Contract Management Agency (DCMA) offices. If you don't hear from DCMA Lathrop by January 20th, let me know.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, January 06, 2012 1:28 PM
To: Jason.Gant@state.sd.us; Aaron.Lorenzen@state.sd.us; Brandon.Johnson@state.sd.us
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA; Christensen, Mark J; Reinsbach, David T.
Subject: FVAP GRANT H98210-12-1-0027 --- AWARDED
Attachments: SecureZIP Attachments.zip
Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 13 January 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that your office plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

3. I have included Mr. Christensen (DCMA Twin Cities Administrative Grants Officer) to this message. I don't know if he has to wait until after the EDA transmission has been received (from my contract/grant award database). But in any event he has copies of your application and all supporting documentation submitted to date.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Thursday, May 17, 2012 10:52 AM
To: 'Glasby, Angela'; Mayer, Erin; Kouba, Terry; Hakala, James
Cc: Huff, Janet M; Burgess, Robin CIV WHS/FVAP; McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: FVAP GRANT H98210-12-1-0031 --- AWARDED
Attachments: DCMA DELEGATION.pdf; FVAP PO DESIGNATION.pdf; H98210-12-1-0031 --- AWARDED.pdf

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 21 MAY 2012. Grant award (Executed Cover Page and Terms and Conditions), DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that San Bernadino County plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. Post-award administration has been delegated to the Defense Contract Management Agency (DCMA) Santa Ana. The Administrative Grants Officer is Ms. Janet Huff. I will provide Janet with the pre-award supporting documentation via separate e-mail.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614

TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, April 27, 2012 11:24 AM
To: marci@elections.sc.gov; jreynolds@elections.sc.gov
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: FVAP Grant H98210-12-1-0034 --- AWARDED
Attachments: DCMA DELEGATION.pdf; FVAP PO DESIGNATION.pdf; Executed Cover Page.pdf; H98210-12-1-0034.doc

1. EFFECTIVE DATE OF GRANT AWARD: 27 April 2012. Grant award (Executed Cover Page and Terms and Conditions), DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the South Carolina Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. Post-award administration has been delegated to the Defense Contract Management Agency (DCMA) Atlanta. The Administrative Grants Officer will be assigned by DCMA after transmission of the grant award via EDA. If an Administrative Grants Officer has not contacted you by May 11th - to schedule a post-award orientation conference, please advise me.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614 TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, December 07, 2011 12:07 PM
To: WENDY NOREN
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Fitzhugh, Bradley J.
Subject: GRANT AWARD H98210-12-1-0020
Attachments: SecureZIP Attachments.zip

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, February 27, 2012 11:39 AM
To: steve.trout@state.or.us; DON.DEFORD@STATE.OR.US
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Shuyler, Robert M
Subject: GRANT H98210-12-1-0029 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 27 February 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the Oregon Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. The Administrative Grants Officer (DCMA Seattle) is Mr. Robert Shuyler; his POC information is at Section B, Article 13 of the grant award. Mr. Shuyler will be contacting you shortly to arrange a Post-Award Orientation Conference.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, April 20, 2012 7:28 AM
To: Bobbi.Shearer@state.nm.us
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: GRANT H98210-12-1-0033 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 20 April 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the New Mexico Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. Post-award administration has been delegated to the Defense Contract Management Agency (DCMA) Phoenix. The Administrative Grants Officer will be assigned by DCMA after transmission of the grant award via EDA. If an Administrative Grants Officer has not contacted you by May 4th - to schedule a post-award orientation conference, please advise me.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, October 31, 2011 1:38 PM
To: barbara.dunmore@edcgov.us; bill.schultz@edcgov.us
Cc: Burgess, Robin CIV WHS/FVAP
Subject: H98210-12-1-0001 --- AWARD
Attachments: H98210-12-1-0001 - AWARDED.pdf; DCMA Delegation.pdf; PO Designation.pdf

Importance: High

Barbara: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file.

Robin: You on the other hand, have to sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

I'll be contacting DCMA-Lathrop tomorrow. Then they can have a post-award briefing and work with you on administering the grant.

NOTE: Again, you are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release. I believe they are planning on doing that on 02 November.

P.S., The sequential numbering of the grant awards does NOT necessarily mean that your grant was ranked first, out of all of the awards. Just the luck of the folks stuffing my award folders.

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, October 31, 2011 4:39 PM
To: Gail Pellerin; Tricia Webber; Burgess, Robin CIV WHS/FVAP
Cc: McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: H98210-12-1-0006 - GRANT AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

GAIL: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file.

ROBIN: Sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

I'll be contacting DCMA-Lathrop tomorrow. Then they can have a post-award briefing and work with you on administering the grant.

NOTE: Again, you are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release. I believe they are planning on doing that on 02 November.

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, November 09, 2011 3:01 PM
To: Paul Lux; Shirley Young
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: H98210-12-1-0007 --- Grant Award Executed
Attachments: SecureZIP Attachments.zip

Importance: High

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, October 31, 2011 5:39 PM
To: Davis, Matthew (SBE); Woo, Sharon (SBE); Burgess, Robin CIV WHS/FVAP
Cc: McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: H98210-12-1-0008 - GRANT AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

MATT: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file.

Robin: Sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

I'll be contacting DCMA-Manassas tomorrow. Then they can have a post-award briefing and work with you on administering the grant.

NOTE: Again, you are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release. I believe they are planning on doing that on 02 November.

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Friday, December 16, 2011 1:53 PM
To: WENDY NOREN; Fitzhugh, Bradley J.
Cc: Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; McGuire, Paddy CIV FVAP
Subject: H98210-12-1-0020 --- Modification P00001
Attachments: Modification P00001.pdf

Importance: High

Deobligation of \$47,500.00

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Tuesday, March 06, 2012 10:46 AM
To: Kevin.Kennedy@Wisconsin.gov; Robinson, Nathaniel E - GAB
Cc: Mueller, Michael B.; McGuire, Paddy CIV FVAP; Rivera, Andrew CIV WHS/FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA
Subject: H98210-12-1-0028 --- AWARDED
Attachments: DCMA DELEGATION.pdf; FVAP PO DESIGNATION.pdf; FVAP 2012 EASE Grant (Wisconsin - Executed Grant Award Cover Page).pdf; SIGN GRANT AWARD.pdf

1. EFFECTIVE DATE OF GRANT AWARD: 05 March 2012. (a) Grant Award, (b) Bilateral Cover Page with signatures, (c) DCMA Delegation of Post-Award Administration and (d) FVAP Program Officer Designation are attached.
2. In the event that your organization plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. The Administrative Grants Officer (DCMA Chicago) is Mr. Michael Mueller; his POC information is at Section B, Article 13 of the grant award. Mr. Mueller will be contacting you shortly to arrange a Post-Award Orientation Conference.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Thursday, April 12, 2012 11:26 AM
To: Layna Brown (LBrown@wvsos.com)
Cc: Kennedy, Patricia; McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: H98210-12-1-0030 --- GRANT AWARD
Attachments: DCMA - DELEGATION.pdf; FVAP PO DESIGNATION.pdf; H98210-12-1-0030 --- AWARDED.pdf

Importance: High

Layna:

1. EFFECTIVE DATE OF GRANT AWARD: 12 April 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the West Virginia Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. The Administrative Grants Officer (DCMA Philadelphia - Pittsburgh Office) is Ms. Patricia Kennedy; her POC information is at Section B, Article 13 of the grant award. Ms. Kennedy will be contacting you shortly to arrange a Post-Award Orientation Conference.
4. I will be forwarding copies of your revised proposal and budget to DCMA under a separate e-mail.

P.S., I think you will enjoy working with Pat Kennedy. I am originally from Pittsburgh, and Pat and I have several things in common --- we both have lots of patience! The hard part is over, now you can relax, you are in very capable hands.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614 TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, February 15, 2012 8:00 AM
To: AveryG@detroitmi.gov
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: Notification of Grant award H98210-12-1-0017
Attachments: SecureZIP Attachments.zip

Gina,

1. EFFECTIVE DATE OF GRANT AWARD: 17 February 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the City of Detroit plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. The grant award in our contract writing database is transmitted electronically via EDA to cognizant Defense Contract Management Agency (DCMA) offices. If you don't hear from DCMA Detroit by March 2nd, let me know.

P.S., Grant award notification for H98210-12-1-0018 will be transmitted under separate e-mail.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, February 15, 2012 8:01 AM
To: AveryG@detroitmi.gov
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP
Subject: Notification of Grant Award H98210-12-1-0018
Attachments: SecureZIP Attachments.zip

Gina,

1. EFFECTIVE DATE OF GRANT AWARD: 17 February 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. Public announcement of this award, should also be coordinated with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement.
3. The grant award in our contract writing database is transmitted electronically via EDA to cognizant Defense Contract Management Agency (DCMA) offices. If you don't hear from DCMA Detroit by March 2nd, let me know.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, October 31, 2011 2:30 PM
To: Masterson, Matt; Burgess, Robin CIV WHS/FVAP; Schwerman, James E.
Cc: Shea, Christopher; Christopher, Jack; Damschroder, Matthew; Borgemenke, Scott; Pelger, Halle; Frazee, Ryan; Sherman, Veronica
Subject: RE: FVAP GRANT ACCEPTANCE --- CORRECTION TO PAGE 1
Attachments: SecureZIP Attachments.zip
Importance: High

MATT: The Grant has been awarded. No need to sign anything --- anymore. Promise. You should file the other two documents with your award file.

ROBIN: Sign the Program Officer (PO) Designation letter (page 3), scan and send back to me.

JIM: Let me know who this gets assigned to in your office, and I will send the ZIP Files for Ohio's Application, Budget and Technical Proposal. This is the hard copy of the grant. The SPS/PD2 database will be updated tomorrow through Wednesday. Then you will most likely get the EDA transmission as well.

NOTE: Again, you are cautioned to NOT make any public release regarding the award, until AFTER FVAP has issued its News Release. I believe they are planning on doing that on 02 November.

AFTER DUTY HOURS POC INFORMATION:
Home Phone: (703) 354-4626
Home E-Mail: lavelrj@verizon.net

Bob Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, December 19, 2011 10:58 AM
To: DiSimoni, Michael; Giles, Robert; Anderson, Eric
Cc: Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA
Subject: RE: FVAP Grant H98210-12-1-0010 --- Acceptance of Terms and Conditions
Attachments: SecureZIP Attachments.zip

Importance: High

If you haven't heard from DCMA Philadelphia by January 6th, let me know.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

-----Original Message-----

From: DiSimoni, Michael [<mailto:Michael.DiSimoni@sos.state.nj.us>]
Sent: Monday, December 19, 2011 10:36 AM
To: Lavelle, Bob J CIV DHRA; Giles, Robert
Cc: Burgess, Robin CIV WHS/FVAP; Anderson, Eric
Subject: RE: FVAP Grant H98210-12-1-0010 --- Acceptance of Terms and Conditions

Bob, Attached is our signed copy; please return once you have also signed so we can forward to our budget office.

Thank you,
Mike

-----Original Message-----

From: Lavelle, Bob J CIV DHRA [<mailto:Bob.Lavelle@osd.pentagon.mil>]
Sent: Monday, December 19, 2011 10:11 AM
To: DiSimoni, Michael; Giles, Robert
Cc: Burgess, Robin CIV WHS/FVAP
Subject: FVAP Grant H98210-12-1-0010 --- Acceptance of Terms and Conditions
Importance: High

If the final terms and conditions are acceptable, please have the cover page signed/dated and return to me as a PDF via e-mail.

NOTE CHANGES:

1. Grant No. is H98210-12-1-0010
2. Effective Date is 21 December 2011 (I can't back date to 01 December, when this process started).
3. End date remains as 30 November 2016 (I have fiscal law issues if I extend it past that date. I do NOT look good in an orange jumpsuit).

4. I entered the address for DCMA New Jersey at B-13. I won't know WHO the Administrative Grants Officer is until the award has been released in my database and transmitted electronically to them.

5. In the event that your office desires to issue a press conference/news release, I STRONGLY advise you to discuss this with Mr. McGuire and Robin Burgess BEFORE you make any formal announcements.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

-----Original Message-----

From: DiSimoni, Michael [<mailto:Michael.DiSimoni@sos.state.nj.us>]
Sent: Tuesday, December 06, 2011 9:16 AM
To: Lavelle, Bob J CIV DHRA; Burgess, Robin CIV WHS/FVAP
Cc: Giles, Robert
Subject: RE: Data Point Collection Requirements

Thank you; in the meantime if you can send us a letter of intent to award to get my contractors started otherwise we are getting crunched for time getting ready for our Primary ballots which have to go out early April.

Thanks,
Mike

-----Original Message-----

From: Lavelle, Bob J CIV DHRA [<mailto:Bob.Lavelle@osd.pentagon.mil>]
Sent: Monday, December 05, 2011 8:14 PM
To: DiSimoni, Michael; Burgess, Robin CIV WHS/FVAP
Subject: RE: Data Point Collection Requirements

We are having technical issues. Grant process will be continued shortly; the effective date of award will be changed to sometime in December --- hopefully before Christmas. The END date of the grant will remain the same as negotiated.

Bob Lavelle
Grants Officer
DHRA

-----Original Message-----

From: DiSimoni, Michael [<mailto:Michael.DiSimoni@sos.state.nj.us>]
Sent: Monday, December 05, 2011 4:15 PM
To: Burgess, Robin CIV WHS/FVAP
Cc: Lavelle, Bob J CIV DHRA
Subject: RE: Data Point Collection Requirements

Hi Robin, Any final award letters yet? We were under the impression the grant period was to start last Thursday, December 1st.

Thanks,
Mike

Michael DiSimoni
Deputy Director
Division of Elections
NJ Department of State

-----Original Message-----

From: Burgess, Robin CIV WHS/FVAP [<mailto:Robin.Burgess@fvap.gov>]
Sent: Tuesday, November 29, 2011 1:56 PM
To: DiSimoni, Michael
Subject: RE: Data Point Collection Requirements

Michael,

Please see attached data reporting document with changes we discussed.

Robin

-----Original Message-----

From: DiSimoni, Michael [<mailto:Michael.DiSimoni@sos.state.nj.us>]
Sent: Monday, November 14, 2011 2:48 PM
To: Burgess, Robin CIV WHS/FVAP
Cc: Giles, Robert; 'Rajaguru, Balamurugan'
Subject: RE: Data Point Collection Requirements

Robin, Just a few comments on the attached document:

Item #18: We did not have the SVRS operational until 2007 therefore getting baseline data prior to that may not be possible.

Item #19: Not sure if there is a way to calculate ballot transit time; we only know when we have sent it and if/when it was returned, we don't know how long it was in transit before it reached the voters hands. Also not sure what we are comparing when it says funded program vs. traditional totals; does this mean before this grant and after?

Those are just my first few comments; I am having my IT team taking a look at the rest.

Thanks,

Mike

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, January 04, 2012 1:21 PM
To: Lavelle, Bob J CIV DHRA; Cliff Tatum
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: RE: FVAP GRANT H98210-12-1-0025 --- AWARDED
Attachments: SecureZIP Attachments.zip

Importance: High

Sorry wrong grant. Try this one instead.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

-----Original Message-----

From: Lavelle, Bob J CIV DHRA
Sent: Wednesday, January 04, 2012 1:14 PM
To: 'Cliff Tatum'
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Fiorito, Michael CIV FVAP; Clem, Emily A CIV DHRA; Horn-Winfield, Kelly P CIV DHRA
Subject: FVAP GRANT H98210-12-1-0025 --- AWARDED
Importance: High

1. EFFECTIVE DATE OF GRANT AWARD: 06 January 2012. Grant award, DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.

2. In the event that the DCBOEE plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614
BLACKBERRY: (571) 490-5674

Non-responsive

From: Lavelle, Bob J CIV DHRA
Sent: Monday, April 30, 2012 8:54 AM
To: 'marci@elections.sc.gov'; 'jreynolds@elections.sc.gov'
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: RE: FVAP Grant H98210-12-1-0034 --- AWARDED
Attachments: H98210-12-1-0034 --- AWARDED.pdf

FULL PDF of Grant Award (cover page and terms and conditions together).

-----Original Message-----

From: Lavelle, Bob J CIV DHRA
Sent: Friday, April 27, 2012 11:24 AM
To: 'marci@elections.sc.gov'; 'jreynolds@elections.sc.gov'
Cc: McGuire, Paddy CIV FVAP; Burgess, Robin CIV WHS/FVAP; Rivera, Andrew CIV WHS/FVAP; Clem, Emily A CIV DHRA
Subject: FVAP Grant H98210-12-1-0034 --- AWARDED

1. EFFECTIVE DATE OF GRANT AWARD: 27 April 2012. Grant award (Executed Cover Page and Terms and Conditions), DCMA Delegation of Post-Award Administration and FVAP Program Officer Designation are attached.
2. In the event that the South Carolina Secretary of State plans to make a public announcement of the award, I STRONGLY advise that you coordinate the announcement content with Mr. Paddy McGuire and FVAP Staff PRIOR to issuance of the announcement. NOTE: This is NOT a review and/or approval process under the terms and conditions of the grant award.
3. Post-award administration has been delegated to the Defense Contract Management Agency (DCMA) Atlanta. The Administrative Grants Officer will be assigned by DCMA after transmission of the grant award via EDA. If an Administrative Grants Officer has not contacted you by May 11th - to schedule a post-award orientation conference, please advise me.

Robert (Bob) Lavelle
Grants Officer
Defense Human Resources Activity (DHRA)
4800 Mark Center Drive, Suite 07G12
Alexandria, VA 22350-1300
OFFICE PHONE: (571) 372-2614 TELEWORK (TUESDAYS): (703) 354-4626

Non-responsive

From: Martha Adcock [martha.adcock@sos.arkansas.gov]
Sent: Friday, May 25, 2012 5:47 PM
To: Lavelle, Bob J CIV DHRA; Burgess, Robin CIV WHS/FVAP
Subject: Signed forms
Attachments: FVAP1-05252012-005.pdf; FVAP2-05252012.pdf

Signed forms are attached.

Martha Adcock

Director of Elections

& Associate Counsel

Arkansas Secretary of State

501.683 3733