

The California State Auditor released the following report today:

Office of the Secretary of State

It Must Do More to Ensure Funds Provided Under the Federal Help America Vote Act Are Spent Effectively

BACKGROUND

Having received more than \$380 million to implement the federal Help America Vote Act of 2002 (HAVA), the Office of the Secretary of State (Office) had roughly \$131 million in HAVA funds that were not yet designated for a particular purpose and were earning interest as of June 30, 2012. Among other things, HAVA requires that states improve the administration of federal elections using voting systems that meet certain standards and develop a statewide computerized voter registration list. Although some of the activities required have been completed, such as replacing punch card and lever voting systems in 30 counties, other key activities remain.

KEY FINDINGS

During our review of the Office's administration of the federal HAVA funds, we noted the following:

- Six counties have collectively spent more than \$22 million in HAVA funds and more than \$29 million in state bond proceeds to purchase direct recording electronic voting systems they can no longer fully use.
 - ✓ Different secretaries of state have reached different conclusions about the suitability of these voting systems and thus, counties were able to use HAVA funds on these systems during two periods. However, the systems have since been banned or severely restricted in their use.
 - ✓ Regulations that would otherwise help to publicly define and solidify the secretary of state's approval process for voting systems do not exist, even though such regulations have been required since 1994.
- The Office's four-year record retention policy—which includes accounting records related to HAVA funds—is inconsistent with federal requirements.
- In response to our survey of the county registrars of voters, 25 counties indicated that they still had funds available but were waiting for the secretary of state to approve additional voting systems. However, the Office currently has no new voting systems under review for potential approval.
- Although the Office appears to have satisfied HAVA's requirements for a statewide computerized voter registration list through its current database, CalVoter, it has not declared compliance to the federal government, which would increase the Legislature's flexibility to decide how best to spend the remaining HAVA funds.
- The Office paid \$4.6 million to develop a replacement database—VoteCal—but terminated a critical contract because the vendor failed to provide key deliverables. In its second attempt to hire a new vendor to complete the VoteCal project, the Office appears to have limited the bidder competition to only one bidder raising concerns for future success.

KEY RECOMMENDATIONS

To strengthen its administration of HAVA, we made various recommendations to the Office including that it:

- Make it a priority to develop regulations describing voting system standards in accordance with state law and begin the formal rule-making process by January 2014.
- Renegotiate its agreement with a federal entity regarding pursuing VoteCal while clarifying what aspects of the current CalVoter system, if any, do not meet HAVA requirements.
- Take all necessary steps—including policy changes—to ensure compliance with the National Voter Registration Act.