

## Senate Elections Committee

Friday, August 12, 2005

Members present:

Higgins  
Hottinger  
Marko  
Marty  
Pariseau  
Scheid  
Wiger

Members Absent:

Fischbach  
Kleis  
Limmer

### Discussion of the Legislative Auditor's Report on the Office of the Secretary of State

Senator Wiger called the meeting to order at 8:40 a.m. Quorum was present.

Claudia Gudvangen, Deputy Legislative Auditor, provided an overview of the report. She began by giving perspective to the audit process of constitutional officers. The audit was a regular financial audit that the Legislative Auditor's office is required to perform twice every term. This audit covered January 2003 –Dec. 2004. The Help America Vote Act (HAVA) was the first federal program that the Secretary of State's office was responsible for administering. They had five findings in two broad areas; one finding in contract administration and four findings related to HAVA compliance.

David Polisenio, Audit Manager, testified to the specifics of the finding in the report. The first issue discussed dealt with the statewide voter registration system. It was regarding a computer services contract termination. The Office of the Secretary of State did not follow the appropriate procedures when it canceled a contract for computer services. The office claimed they canceled the contract due to budget cuts, yet they found no evidence that that was the case. The office also did not complete a final payment approval form as required by the Department of Administration.

David provided a brief overview of the HAVA and management of funds. He testified that the Office of the Secretary of State did not spend HAVA funds in compliance with the state appropriation laws and did not accurately report the use of funds, they did not have a process to ensure accurate allocation of payroll expenses charged to the HAVA grant, the office's cash management practices for the EAID grant did not maximize the use of federal funds, and the office did not have a process to ensure that federal funds were not paid to suspended or debarred vendors.

Senator Marko asked about the process for determining who is a debarred or suspended vendor.

Senator Marty questioned the use of Title I, Title II, and Title III money and the impact on the HAVA funds.

Senator Higgins asked about the payroll expense findings and the administrative costs charged to the HAVA account. She also questioned the time when those administrative costs were charged.

Secretary of State Mary Kiffmeyer provided an overview of the Secretary of State's office functions. She discussed the challenges of budget cuts, increase in election regulations, staff turnover, and management of federal funds and structuring. She stated that the office has purchased software equipment to deal with inaccuracies in reporting and they have fixed problems with designating and coding. She provided a written response which was handed out in the committee.

Senator Marko asked who drafted the language for the signed agreement canceling the contract.

Secretary of State Kiffmeyer responded that the attorneys in her office were responsible for that language.

Senator Higgins asked why the focus and source code retrieval was on the old computer system not the new HAVA system.

Senator Higgins asked the reason for canceling the contract.

Secretary of State Kiffmeyer responded that it was due to unsatisfactory performance since it was no longer meeting the needs of the state and the HAVA grant.

Secretary of State Kiffmeyer restated that the unsatisfactory performance was due to the inability of the computer services to meet the needs of the new HAVA.

Senator Marko questioned the explanation for the termination of the contract as being due to budget cuts as well as the process in which the contract was canceled.

Secretary of State Kiffmeyer responded that budgets cuts were a factor in canceling the contract.

Senator Marko questioned the intent of the language and its appearance to protect the reputation of the vendor.

Secretary of State Kiffmeyer stated that the intent was to serve the voters.

Senator Hottinger asked whether the Attorney General's Office was involved in drafting the termination agreement.

Secretary of State Kiffmeyer testified that they had qualified people in the office and therefore did not feel outside consulting was necessary.

Senator Hottinger asked Secretary of State Kiffmeyer who wrote and was in charge of the contract language.

Secretary of State Kiffmeyer responded that she did not know and she would have to ask her staff.

Senator Hottinger asked if meetings had taken place between the Sec. of State's Office, Department of Administration, and the Attorney General office.

Secretary of State Kiffmeyer testified that the person in charge of the meeting left to go to another division and that she would check as to whether or not the meeting took place.

Senator Marty expressed his concern over the honesty of the language in the computer contract cancellation.

Sec. of State Kiffmeyer addressed the potential loss of interest.

Senator Marko requested to see the supporting 3-page document attached to the April 25, 2003 letter.

Secretary of State Kiffmeyer agreed.

Senator Scheid asked if Minnesota was behind other states in meeting federal standards in voter participation.

Sec. of State Kiffmeyer responded that Minnesota was not behind in voter participation but the HAVA requirements were new and trainings and outreach were needed.

Senator Pariseau mentioned that this was the first time federal funds were used for voting and elections and the Secretary of State's office have never been responsible for funneling money through a grant system. She said we have seen many improvements from the Secretary of State's office over the past years.

Senator Hottinger questioned the advertising methods and if ads were produced in other languages.

Sec. of State Kiffmeyer responded that the ads were geared toward limited English proficiency and were accompanied with simple words, phrases, and pictures. She said that translation was very expensive and complicated.

Senator Wiger opened up the floor for questions and comments by the public.

Jim Cousins, Fair Vote MN, testified that he felt public comment was ignored by the Secretary of State's office. He felt there needed to be broader public comment, especially on financial transactions.

Sen. Wiger adjourned the meeting at 10:05 a.m.

# Senate Elections Committee

**Chairs: Senator Chuck Wiger**

Friday, August 12, 2005

8:30-10:00 a.m.

Room 107 Capitol

## Agenda

### **Discussion of the Legislative Auditor's Report on the Office of the Secretary of State**

#### **Testifying:**

##### Legislative Auditor's Office

- Claudia J. Gudvangen, Deputy Legislative Auditor
- David Poliseno, Audit Manager

##### Secretary of State's Office

- Mary Kiffmeyer, Secretary of State

##### Members of the public who wish to testify

- Jim Cousins, Fair Vote MN