

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Registrar of Voters: Candidate Statement Payment Process Audit



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Auditor-Controller/Treasurer/Tax Collector

Mission Statement

The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

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June 25, 2018

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SUBJECT: CANDIDATE STATEMENT PAYMENT PROCESS AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing and the California Elections Code 13307, we have completed an audit of the Registrar of Voters' Candidate Statement Payment Process for the period of July 1, 2017 through fieldwork date. The primary objective of the audit was to determine whether controls over the candidate statement payment process from receipting through refunding of monies are effective. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We identified several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We discussed our observations with management on May 3, 2018 and sent a draft report on May 30, 2018. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Registrar of Voters who assisted and cooperated with us during this engagement.

Respectfully submitted,

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By


Denise Mejico

Chief Deputy Auditor

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Registrar of Voters Department: Candidate Statement Payment Process Audit

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Summary of Audit Results

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Depositing procedures could be improved.	4
	We recommend that the Department ensure that when the total amount of checks exceed \$1,000 in a business day, these checks are processed immediately. We also recommend that the preparer and reviewer initials are documented on the deposit slip to show evidence of the reviews.	
2	Controls over the safeguarding of cash receipts could be improved.	5
	We recommend combinations to the safe are changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Combinations must be changed at least annually, even if there are no staffing changes.	
3	Refunds were not processed within the timeframe stated in the California Elections Code 13307.	5
	We recommend that the Department work with the CAO and other counties to determine a more reasonable timeframe for refunds to be processed and sent to eligible candidates. We also recommend the Department implement the new timeframe into their written procedures and document the reasoning as to why the 30-day period had been changed.	



Background

The Department

The Registrar of Voters (ROV) Elections Office is responsible for all aspects of the election process for San Bernardino County, which consists of 24 incorporated cities and over 65 unincorporated communities. With a population of over 2 million people, the County has more than 800,000 registered voters. The Elections Office administers all local, state, and federal elections in the County, including the management of voting systems, the employment and training of poll workers, election ballot processing and vote tallying.

The Elections Office also performs all voter registration functions, including the storage and maintenance of voter registration records. The Elections Office typically operates year-round with a small staff of around 24 employees. Before elections, that number may increase to as many as 300 temporary employees and 3,000 poll workers.

Candidate Statement Payment Process

To officially declare themselves a candidate for office, all candidates must file a Declaration of Candidacy form. On the form, candidates declare which office they are running for, how their name shall appear on the ballot, and whether or not they want a ballot designation to appear on the ballot under their name.

Candidates may elect to compose and submit a statement of qualifications, commonly known as a Candidate Statement that will be printed in the Voter Information Guide. Candidates who elect to have a statement printed are required to pay the estimated costs of including their candidate statement in the Voter Information Guide at the time of filing. The actual costs of inclusion will be determined after the election, and participating candidates will either receive a refund or be responsible for paying additional costs at that time.



Scope and Objective

Our audit examined the Department's Candidate Statement Payment process for the period of July 1, 2017 through March 29, 2018.

The objective of our audit was to determine whether the controls over the Candidate Statement Payment Process from receipting through refunding of monies are effective.

Methodology

In achieving the audit objectives, the following audit procedures were performed, including but not limited to:

- Interview of ROV personnel.
- Review of the Department's policies and procedures.
- Perform walk-through of activities.
- Review of pertinent documents.



Finding 1: Depositing procedures could be improved.

The County's Internal Controls and Cash Manual (ICCM) Chapter 9-4 states that for receipts of checks and money orders, deposits should be processed immediately. To facilitate this process, it is recommended the department obtains a desktop scanner. It also states that supervisors must verify that deposits are intact and document evidence of review.

The following conditions were identified when we reviewed 22 transactions:

- Thirteen deposits were not made in a timely manner. These should have been made by the next business day as transactions exceeded \$1,000.
- There is no documented supervisory review of deposit slips.

Although staff was aware of the ICCM guidelines stating that monies collected over \$1,000 should be deposited, the candidate filing period is a busy season for the Department and there is a lack of fiscal staff available. Although there is a secondary review of the deposit slip, the reviewer is not documenting that review on the slip. Maintaining checks longer than necessary increases the risk of loss, theft or embezzlement. In addition, the risk of undetected errors increases when there is no supervisory review of deposits.

Recommendation:

We recommend that the Department ensure that when the total amount of checks exceed \$1,000 in a business day, these checks are processed immediately. We also recommend that the preparer and reviewer initials are documented on the deposit slip to show evidence of the reviews.

Management's Response:

The Department agrees with this finding and will implement the recommendation.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.



Finding 2: Controls over the safeguarding of cash receipts could be improved.

The ICCM Chapter 3-4 states that combinations to the safes should be changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Even if there are no staffing changes, combinations must be changed annually.

The combination to the safe had not been changed yearly.

The Department was unaware that combinations should be changed yearly even if an employee has not been terminated, transferred or assigned elsewhere. Cash or checks may not be adequately safeguarded if combinations are not changed.

Recommendation:

We recommend combinations to the safe are changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Combinations must be changed at least annually, even if there are no staffing changes.

Management's Response:

The Department agrees with this finding and will implement the recommendation.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.

Finding 3: Refunds were not processed within the timeframe stated in the California Elections Code 13307.

The California Elections Code 13307 (d) states in the event of overpayment, the local agency that, or the elections official who, collected the estimated cost shall prorate the excess amount among the candidates and refund the excess amount within 30 days of the election.



Refund payments due to the November 2017 Election candidates were not sent within 30 days after the election.

The Department has reached out to other counties on how to be compliant with government code and has found other counties also cannot meet the 30 day timeframe. The Department has also been working with the County Administrative Office (CAO) for guidance on how to comply with the code. The actual final costs from vendors have to be received and reported by the Department, which are then reviewed and approved by the CAO before the actual amount can be applied and refunded to the candidates. The Department has also made consistent efforts to work with the CAO to amend the current timeframe for refund payments of 30 days to a more appropriate and reasonable timeframe.

Recommendation:

We recommend that the Department work with the CAO and other counties to determine a more reasonable timeframe for refunds to be processed and sent to eligible candidates. We also recommend the Department implement the new timeframe into their written procedures and document the reasoning as to why the 30-day period had been changed.

Management's Response:

The Department agrees with this finding and will implement the recommendation.

Auditor's Response:

The Department's planned actions will correct the deficiencies noted in the finding.