




DALLAS COUNTY COUNTY AUDITOR

TO: Toni Pippins-Poole
Elections Department Administrator

FROM: Virginia Porter 
County Auditor

SUBJECT: Elections Department Review for FY 2008 through FY 2012

DATE: Issued: February 14, 2014
Released: April 7, 2014

SCOPE

As part of the ongoing review of county departments and compliance with statutory regulations and county policies, we performed a limited review of financial records and reports of the Elections Department of Dallas County for fiscal year 2008 through 2012 as well as status of open contracts and escrow balances through September 30, 2012.

REVIEW PROCEDURES

Standard review procedures were followed to test the internal control for continuity of receipts, cash control procedures and compliance with state statutes and court orders. A random sampling of the total activity was selected for certain audit steps based on risk, the volume of activity and the level of internal control.

A partial list of the review tests include:

- Requested department complete a self-assessment questionnaire
- Examined and verified continuity of receipts for the years under review
- Reconciled cash receipts to deposits for one month each quarter
- Examined voided and altered manual receipts
- Reviewed manual receipts for payments of election reports and maps for compliance with filed fee sheet
- Compared employees' time sheets to the Kronos time and attendance system

REVIEW FINDINGS

Cash Management

Receipts - Review of manual receipts issued or voided from FY2008 to FY2012 revealed multiple instances of altered receipts, voided receipts without the reason for voiding or retention of all copies and two receipt books reportedly destroyed by Elections staff. One cash receipt was deposited 90 days later and checks are not restrictively endorsed upon receipt.

Assessments - Comparison of fee schedules filed with Commissioners Court and fees assessed on 45 manual receipts for payments of election reports and maps revealed thirteen assessments were not in compliance with established schedules or lacked adequate descriptions to ensure proper assessments occurred.

RECOMMENDATIONS

Cash Management

Receipts - Receipts should not be altered but properly voided. All copies of a void receipt should be retained, clearly marked "void", and affixed with a reason for the void. The supervisor should periodically scan the manual receipt books for proper usage including the accuracy of amount receipted. Receipt books should be controlled and access to cash limited to establish proper accountability and strengthen internal control.

Assessments - Fees should be assessed / collected in accordance with the established fee schedule, and/or state laws. Products/services provided should be succinctly documented on the receipt. Fee schedule should be reviewed annually to ensure costs are fully recovered and any new services are incorporated.

CURRENT FINDINGS/OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

Finding templates numbered 13-ED-01-01 through 02 and responses are attached.

STATUS ON MANAGEMENT LETTER

Management letter released during FY 2013 presented control and documentation issues related to open contracts and escrow balances that have subsequently been addressed.

SUMMARY

This report is intended for the information and use of the department. While we have reviewed internal controls and financial records, this review will not necessarily disclose all matters of material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.

Highest areas of risk which need to be addressed include control issues in cash handling/receipting procedures. Processing errors are minimal considering the labor intensive manual recording processes.

Emphasis on outlined procedures should provide for improved departmental processes. Adherence to and follow-through with recommendations should strengthen internal controls and compliance with Dallas County's policies and procedures.

Attached Responses to Dallas County Auditor's Internal Audit Findings for 13-ED-01-01 and 13-ED-01-02

In order to correct various errors and omissions described herein, the Dallas County Auditor's office, the Dallas County Elections Department (DCED) has implemented strengthened policies and procedures to ensure accurate and efficient processing of payment receipts for services rendered by DCED. The policy and procedure documents remedy the issues and recommendations made in the 2008 and 2012 Audit documents, to include the following:

1. Maintaining an updated fee schedule that has been submitted to the Commissioners Court.
2. Fee schedules and receipts will contain detailed descriptions of services available/rendered.
3. Receipts will be completely and properly filled out by DCED staff that have been specifically trained and assigned to this function.
4. Policy includes instructions that state receipts should not be altered, but should be properly voided. The procedure for voiding receipts is explained also.
5. Two supervisors are responsible for supervising the cash receipt functions of DCED. One of their duties is to periodically peruse the manual receipt books for proper usage, including the accuracy of the amounts on the receipt.
6. Receipt books will be maintained and accessed by a limited number of clerks assigned to customer service functions.
7. Cash and check deposits will be accessed by a limited number of clerks assigned to customer service functions, and will be processed according to procedure we have established for receipts and deposits of cash.
8. Documents and records related to receipts and deposits will be retained for seven (7) years.

Along with our review and strengthened policy, we have also reviewed the issues and have conducted additional training with elections department staff to address the stated concerns.

By implementing the corrective action, Dallas County Elections Department will be able to more effectively and efficiently account for payments received from our customers.



Finding Number: 13-EB-01-01 Manual Receipts
Date: April 17, 2013
Audit: Elections Department FY 2008-FY2012
Auditor(s) Assigned: TB

<p>Finding:</p>	<p>Review of manual receipts including 34 voids written from FY2008 to FY2012 revealed:</p> <ul style="list-style-type: none"> • 266 receipts (numbers 532170 – 532400) dated October 2007 thru April 2008 were destroyed prior to audit review • eight receipts were issued out of sequence • receipts 175977 and 175978 were skipped • thirty-four voided receipts (all) lacked a reason for voiding • voided receipts are not reviewed and initialed by the manager or the supervisor • thirty-two of thirty-four voided receipts did not retain all copies of voided receipt in receipt book, including ten cash receipts • two receipts were altered to lower amounts • one cash receipt was not deposited until 90 days later. No controls existed to ensure all receipts are deposited timely. • checks are not restrictively endorsed upon receipt. • twenty-three receipt amounts were changed to a higher amount <ul style="list-style-type: none"> - seven of twenty-three receipts did not indicate reason for altered amount - sixteen of twenty-three receipts indicate the higher amount was collected because the customer did not have the exact amount due (The office does not make change.)
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work paper 3a, 3b, 3c, 3d - Review of Receipts Responses to Internal Control Questionnaire</p>
<p>Condition: (Describe the current condition)</p>	<p>To purchase election reports and maps (Precinct/District/County), customers must submit a request either in person, via phone or written correspondence. Once the request is received, the clerk prepares the requested products and notifies the customer.</p> <p>If the product is to be picked up, the voter registration clerk collects payment (no change is given to customer) and prepares a manual receipt before providing requested product to the customer. The clerk then places the funds and corresponding receipt into the safe. If the product is to be mailed, the customer mails in the cost of product and postage. Once the funds are received and receipted, the clerk mails the requested product to the customer with a copy of the receipt. The funds and corresponding office receipt are placed into the safe.</p> <p>The Administrative clerk then collects the monies and receipts from the safe and prepares a deposit.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Best practices regarding receipt control procedures require that:</p> <ul style="list-style-type: none"> • Manual receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided receipt copies in order to fix responsibility, enhance cash control and prevent potential assertion that monies were paid and refund due. • Supervisor should periodically review manual receipts. • Assigned duties for cash controls are adequately separated. • A sign should be maintained in office so customer knows that only the exact amount due will be receipted. • Current fee schedule should be posted with notice that receipt should be issued for all funds tendered. • All checks should be restrictively endorsed upon receipt. • Overpayments less than \$10 should be deposited into the same account code combination as item purchased. • All receipts should be timely deposited.
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Recommended accounting procedures are not followed due to:</p> <ul style="list-style-type: none"> • Incomplete training, lack of written procedures, and clerical error. • Inadequate separation of duties. • No evidence of supervisory review.
<p>Effect: (Describe or quantify any adverse effects)</p>	<ul style="list-style-type: none"> • Potential revenue loss. • Payments may be lost, stolen, or misplaced.



Finding Number: 13-ED-01-02 Fee Assessment
Date: April 17, 2013
Audit: Elections Department FY2008-FY2012
Auditor(s) Assigned: TB

Finding:	Comparison of fee schedules filed with Commissioners Court and fees assessed on 45 (3% of population) receipts revealed: <ul style="list-style-type: none"> • two receipts (4%) where the fees were under collected (totaling \$12.64) based on service description recorded • one receipt (2%) where the fee was over collected (totaling \$14.84) based on service description recorded • two receipts (4%) where the fees contained rounding/calculation errors resulted in under collection (totaling 2 cents). • three receipts (6%) where the fees were over collected (totaling \$. 47) where customer did not have exact change • five receipts (11%) did not provide sufficient detail to determine if receipted amount complies to fee sheet: four CDs purchased did not show voter counts provided, one map purchase did not show whether color or black & white map was requested
Work paper Reference: (or other method by which finding was identified)	Work paper 3E
Condition: (Describe the current condition)	Dallas County Voter Registration clerks issue receipts for purchase of election reports and election maps. During the receipting process, the clerks must perform a manual cost allocation to record and receipt payments to each fee type. Purchases frequently include items not listed on the fee schedule or assessed at an incorrect amount. Updated fee schedules are filed with Commissioners Court approximately every four years.
Criteria: (Describe the optimal condition)	<ul style="list-style-type: none"> • Contracts and statutes provide guidance for establishing fees. • Fees are assessed in accordance with established fee schedules and/or applicable state laws. • Products/services provided should be succinctly documented on the receipt. • Fee schedules are periodically reviewed and updated.
Cause: (Describe the cause of the condition if possible)	Limited documentation and supervisory review
Effect: (Describe or quantify any adverse effects)	<ul style="list-style-type: none"> • Potential loss of revenue and/or contractual exceptions
Recommendation: (Describe corrective action)	Recommendations are as follow: <ul style="list-style-type: none"> • Fees should be assessed/ collected in accordance with established fee schedules and state laws. • Fee schedule should be reviewed annually to ensure costs are fully recovered and any new services are incorporated into consideration. • Supervisors should periodically review assessments to ensure adherence to established procedures. • Procedures should be documented and additional training provided to staff on proper assessment processes.
Responsible Department or Organization:	Elections Department
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Robert Heard Sr. Date: March 31, 2014
Comments:	See Attached Responses
Disposition:	<input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration



Recommendation: (Describe corrective action)	Receipts procedures should include: <ul style="list-style-type: none"> • The supervisor should periodically scan the manual receipt books for proper usage including the accuracy of amount receipted. • Receipts should not be altered but properly voided. If payee chooses to remit more than established fee, additional amount/total collected should be documented on the receipt and deposited to same account code combination as the purchased items. • Receipt books should be secured and retained in accordance with records retention statutes or until audit is complete whichever is later. • Procedures should be documented and additional training provided to staff on proper receipting processes. • All copies of a voided receipt should be retained, clearly marked "void", affixed with reason for void, and reviewed by the manager or the supervisor. 				
Responsible Department or Organization:	Elections Department				
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Respondent:	Robert Heard Sr.	Date:	March 31, 2014
Comments:	See Attached Responses				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		