



**DALLAS COUNTY**  
**COUNTY AUDITOR**

**TO:** Toni Pippins-Poole  
Elections Department Administrator

**FROM:** Darryl D. Thomas *Darryl D. Thomas*  
County Auditor *wla*

**SUBJECT:** Elections Department Review for FY 2013 through FY 2015

**DATE:** Issued: June 28, 2017  
Released: August 30, 2017

**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 2013 through 2015 as well as status of open contracts and escrow balances through September 30, 2015 with an internal control procedures walkthrough completed in August 2015.

**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 an internal control 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

**REVIEW FINDINGS:**

**Cash Management**

**Receipts** - Review of manual receipts for proper handling and posting to the CLASS County Wide Receipt (CWR) system during fiscal years 2013 thru 2015 revealed: the manual receipt book containing receipts 234701-234850 on requisition 1859 from 04/21/11 could not be located in the department; Nine voided manual receipts were missing the customer copy and did not indicate the reason for the void including one voided manual receipt without the date indicated; and 68 deposit Form 98's could not be located for review.

Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of Elections staff revealed: a log sheet is not maintained when issuing manual receipt books to responsible individuals; receipt closeout and deposits are prepared bi-weekly; and change is not given to customers when overpayments are received.

Risks identified during walkthrough of department's internal control processes revealed: the Executive Secretary receipts all payments, reconciles funds, prepares the deposit, and maintains the safe combination; deposits for the Election's Department are prepared twice weekly; the supervisor does not recount or verify the change fund (opening cash balance) for accuracy at the beginning of each day; the supervisor does not verify that all funds are included in the daily deposit; and access to the safe containing the daily receipts is not under dual control.

**Assessments** - Comparison of fee schedules filed with the Commissioners Court and fees assessed on 40 receipts revealed: one receipt was under collected by \$10 because the CD charge was not included; one receipt fee was over collected by \$1.50 for certified copies; four receipts totaling \$87.40 (10%) did have sufficient detail to determine if the receipted amount complies with the fee sheet; and sixteen receipts (40%) had fees charged that were not listed on the fee sheet.

**Machine Pricing and Contracts** - Review of 45 contracted billings for Elections and in-process Elections billings revealed: as of 04/20/2017, seventeen election escrows were open and past the 180 business day contractual close-out obligation after the election. **Status:** As of 06/19/17, three of the elections have been closed. Voting Booth/Gemini fees on 7 receipts were overcharged by \$5 each for a total of \$39,630 over the approved fee schedule. **Status:** Department noted a court order existed for fee amount change. The court order was not provided and was not located by searching the Dallas County court orders.

## **RECOMMENDATIONS:**

### **Cash Management**

**Receipts** - Manual receipt books should be controlled and access to cash limited to establish proper accountability and strengthen internal control. Manual receipts should be used in numeric sequence. All copies of a voided manual receipt should be retained, clearly marked "void", affixed with reason for void, and reviewed by the manager or the supervisor. Department should maintain all three copies of manual receipt voids; a reference should be made to the new manual receipt number for any re-issued receipt. Department should consider implementing a process that requires approval before voids are processed. Cash drawer balances should be verified by the supervisor at the beginning/end of each shift and before funds are sent to the Treasurer's Office for deposit. The Department should segregate duties such that the same person does not receipt all payments, reconcile funds and prepare the deposit. Deposit Form 98's received from the Treasurer's Office should be filed and maintained by date in order to match with the related manual receipt. Written procedures for the receipting function should be reviewed at least annually and updated as needed and additional training provided to staff on the proper receipting processes.

#### **Management Response:**

- *Manual receipt books should be controlled and access to cash limited to establish proper accountability and strengthen internal control. Agree.*
- *Manual receipts should be used in numeric sequence. Agree.*
- *All copies of a voided manual receipt should be retained, clearly marked "void", affixed with reason for void, and reviewed by the manager or the supervisor. Department should maintain all three copies of manual receipt voids; a reference should be made to the new manual receipt number for any re-issued receipt. Agree.*

- Department should consider implementing a process that requires approval before voids are processed. **Agree. The VR Manager and VR Assistant Supervisor or Management Staff will perform this function.**
- Cash drawer balance should be verified by the supervisor at the beginning/end of each shift and before funds are sent to the Treasurer's Office for deposit. **Disagree. DCED does not have a cash drawer. This criterion does not apply to DCED.**
- Form 98 deposits received from the Treasurer's Office should be filed and maintained by date in order to match with the related manual receipt. **Agree.**
- Written procedures for the receipting function should be reviewed at least annually and updated as needed and additional training provided to staff on proper receipting processes. **DCED performs this task.**

In addition, The Elections Department will adhere to the established Criteria and adopt the recommendations of the Auditor's Office as stated. DCED will quickly brief (by September 5, 2017 Commissioners' Court) and implement electronic County Wide Receipting along with its protocols and procedures. DCED will also require that the department's Accountant help confirm the accuracy of payments and deposits once a week. DCED doesn't currently work under the process of maintaining a daily cash drawer.

**Assessments** - Fees should be assessed / collected in accordance with the established fee schedule, and/or state laws. The 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.

**Management Response:** An estimate is provided to customers before the service is provided. DCED notifies the customer of the exact or estimated cost either via phone call, the request form, on the website, or via email to the customer. Customers are also informed that the exact change is required because the department does not make change. DCED acknowledges best practices regarding receipt control procedures and will review and implement policy and procedures accordingly.

**Machine Pricing and Contracts** - Contract billing procedures should include: RMR's and Request for Payments compared to invoices received from vendors. Charges assessed/allocated in accordance with contract terms. Escrow accounts reconciled with final billings or refunds submitted to participating entities in accordance with contract terms. Supervisory review of final closeout reconciliations should occur. The Department should develop compensating processes to address prior failure to meet contractual obligations.

**Management Response:** An estimate is provided to customers before service is provided. DCED notifies the customer of the exact or estimated cost either via phone call, the request form, on the website, or via email to the customer. Customers are also informed that the exact change is required because the department does not make change. DCED acknowledges best practices regarding receipt control procedures and will review and implement policy and procedures accordingly.

**Additional Comments:**

The Dallas County Elections Department (DCED) cannot "Agree" or "Disagree" with the receipts findings. The stated audit period for this matter covers 2013-2015; however, it is clear in some statements that matters prior to 2013 and/or that have already been audited are being made part of the Auditor's findings. Additionally, it is not always evident or readily determined what period is being evaluated and questioned. Receipt books for 2011 have been sent to record storage. The individual that maintained DCED records management is no longer an employee and DCED could not identify the boxes containing the relevant documents.

*DCED does have a receipting policy that was implemented in April, 2014 and reviewed in 2017. DCED will review its records retention policy related to receipting documentation and review policy and procedures related to receipts and require that voids be confirmed by either the Voter Registration (VR) Manager or VR Supervisor at the time of the transactions.*

*DCED does have a binder that contains records of each transaction that is maintained in the VR area. The Elections Department drafted and used a policy and procedures document that is attached beginning in April 2014.*

*Receipt closeout and deposits have been prepared bi-weekly. New procedures will follow the recommendation to perform this task weekly.*

*DCED has a posted sign, "Please have correct amount for your purchases. We do not give change. Thanks." This sign is affixed to the customer service counter in Voter Registration. The sign will also be affixed to the walls around the customer service counter ensuring greater visibility.*

*Agree that the Executive Secretary receipts all payments, reconciles funds, prepares the deposit, and maintains the safe combination and that the deposits for the Election's Department are prepared twice monthly.*

*DCED requires exact change for payment for services provided and does not provide change to customers, so there is no "Change Fund". The Voter Registration (VR) Manager or VR Assistant Supervisor will sign off on all deposits. Reconciliation will be performed once per week. The individual positions tasked with performing reconciliations of receipting (Executive Assistant and either the Elections Accountant or Election Accounting Clerk) are both vacant. Until those positions are filled, reconciliation functions will be performed by the Elections Accountant and the Elections Accounting Clerk.*

*The Assistant Elections Administrator and the Department Accountant will maintain dual control immediately over the safe access.*

*This cause regarding the daily use of manual receipts and lack of supervisory approval for voided receipts does not identify sufficient specifics to support the basis for statement regarding voided receipts. DCED implemented policy and procedure in-line with County recommendations in April of 2014 (see attached), and reviewed that policy in 2017. It is not clear if the referenced actions stem from actions before 2013 or after implementation of our policy in 2017. DCED will implement County Wide Receipting by October 1, 2017.*

#### **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.