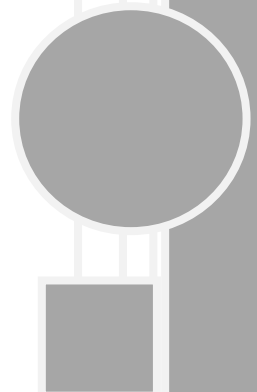




# AUDIT REPORT

DALLAS COUNTY  
ELECTIONS - FY 2022

Wendwessen Stefanos, CPA  
First Assistant County Auditor  
ISSUED: 4/25/2024  
RELEASED: JULY 9, 2024



## Elections - FY 2022

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a 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.



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

**MANAGEMENT LETTER**

Heider Garcia  
Elections Administrator  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Elections - FY 2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

*wessen Stefanos*

Wendwessen Stefanos, CPA  
First Assistant County Auditor

## **EXECUTIVE SUMMARY**

A review of the Elections Department for fiscal year 2022 was performed **under the administration of the former Elections Administrator Michael Scarpello**. The review revealed the significant observations listed below:

### **Summary of Significant Observations:**

- **Election Escrow Contracts** -Two election escrow contracts with a total balance of \$187,201.45 remain open as of November 29, 2023. This resulted in a delay in revenue recognition to the general ledger.
- **Payroll Internal Controls** -The Elections Administration Manager assists in entering time in Kronos as well as signing off on timesheets in Kronos. Due to the lack of segregation of duties, there is an increased risk of disbursements being issued to people who did not work for Elections.
- **Manual Receipts** - The manual receipt book could not be located. This increases the risk that the manual receipt book could be used improperly and funds may be misappropriated.
- **Financial Set up** - One user no longer employed by Dallas County had active Elections Cashier and Inquiry roles assigned in CWR. This increases the risk that the funds may be misappropriated.

### **Repeat Observations from Previous Audits:**

- Escrow contracts opened past 180-day contractual period.

**Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## **INTRODUCTION**

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations.
- Safeguard and monitor the assets of the County utilizing sound fiscal policies.
- Assess risk and establish and administer adequate internal controls.
- Accurately record and report financial transactions of the County.
- Ensure accurate and timely processing of amounts due to County employees and vendors.
- Set an example of honesty, fairness and professionalism for Dallas County government.
- Provide services with integrity.
- Work in partnership with all departments to resolve all issues of the County.
- Strive to utilize the latest efficient and effective technology in the performance of tasks.
- Provide technical support and training in the development, implementation, and maintenance of information systems.
- Hold ourselves accountable to the citizens of the County at all times.
- Be responsive to the elected officials and department heads of Dallas County.

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2021 through September 30, 2022.

**The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.**

**DETAILS****Payroll Internal Controls****Criteria**

Per Dallas County Code Section 82-175, Supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Only supervisors have the authority to correct an employee time record error or omission. Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time, and overtime to ensure employees are in compliance with their shift work schedule and the county's overtime policies.

Per Dallas County Code Section 82-178, employees who are designated by their department to use time sheets shall record their time and attendance on the appropriate form. In addition, employees will provide their complete time sheet forms to their department's time and attendance representative.

Standard internal control procedures related to time and attendance should include segregation of duties. The person entering time should not be the same person approving time.

**Review**

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Per Dallas County Code Section 82-178, employees who are designated by their department to use time sheets shall record their time and attendance on the appropriate form. In addition, employees will provide their complete time sheet forms to their department's time and attendance representative.

Standard internal control procedures related to time and attendance should include segregation of duties. The person entering time should not be the same person approving time.



An internal control walkthrough of Elections payroll processes and inquiry of department personnel revealed:

- The Elections Administration Manager assists in entering time in Kronos as well as signing off on timesheets in Kronos.

**Status:** As of November 2023, the Elections Department no longer utilizes Kronos for early voting.

Lack of segregation of duties and manual recording of time and attendance may result in inaccurate payments to early voting poll workers. This also increases the risk of disbursements to people who did not work for Elections.

### **Cause/Effect**

- Lack of segregation of duties
- Manual recording of time and attendance
- Overpayments or underpayments can occur for early voting poll workers.
- Payments can be disbursed to people who did not work for Elections.
- Time consuming to enter manually
- Higher margin for errors

### **Recommendation**

Payroll Internal Controls

Management should:

- Establish a system of segregated duties to ensure that no single person can create and approve payroll transactions.
- Implement electronic pay sheets for early voting seasonal workers.

### **Management Action Plan**

- No response provided

### **Auditor's Response**

- None

## **Election Escrow Contracts**

### **Criteria**

Per general and joint election agreements/contracts signed in 2022, the elections administrator will determine the final expenses within 180 business days after the final canvass of the general (gubernatorial) and joint election or the runoff election, if any. The elections



administrator will provide each participating political subdivision with a final, written accounting of all money that was deposited into, and payments that were made from, the general (gubernatorial) and joint election account(s) maintained by the Dallas County Treasurer for this general (gubernatorial) and joint election and the runoff election, if any. Per the primary and runoff election agreements/contracts signed in 2022, as soon as reasonably possible after the election or the runoff election, the contracting officer will provide to the party a copy of the itemized invoices that the contracting officer submits to the Secretary of State (SOS) for the actual election expenses incurred and for the contracting officer's fee.

### **Review**

Per general and joint election agreements/contracts signed in 2022, the elections administrator will determine the final expenses within 180 business days after the final canvass of the general (gubernatorial) and joint election or the runoff election, if any. The elections administrator will provide each participating political subdivision with a final, written accounting of all money that was deposited into, and payments that were made from, the general (gubernatorial) and joint election account(s) maintained by the Dallas County Treasurer for the general (gubernatorial) and joint election and the runoff election, if any.

Per the primary and runoff election agreements/contracts signed in 2022, as soon as reasonably possible after the election or the runoff election, the contracting officer will provide to the party a copy of the itemized invoices for actual expenses incurred including the contracting officer's fee. The contracting officer will also report these amounts to the Secretary of State.

A review of all four election contracts in fiscal year 2022 and the associated escrow balances revealed:

- Two election escrow contracts with a total balance of \$187,201.45 remain open as of November 29, 2023. This exceeds the 180-business day contractual obligation period.

**Status:** Funds from Secretary of State were received as of October 2023. The department is working with Financial Audit to set up the revenue account and close out the escrow account in Oracle Fusion.

- The Secretary of State has not sent the remaining amounts owed to the Elections Department. This has resulted in escrow accounts that cannot be closed.





## **Cause/Effect**

- The Secretary of State Office not timely sending the remaining payment owed to the Elections Department.
- Election escrow contracts remain open after the 180-day obligation period.

## **Recommendation**

Election Escrow Contracts

Management should:

- Follow-up periodically with the Secretary of State to ensure balances owed to Dallas County are paid timely.
- Close accounts within the contractually agreed upon period after the election date.

## **Management Action Plan**

- No response provided

## **Auditor's Response**

- None

## **Financial Set-Up**

### **Criteria**

Standard internal control procedures require that access to the receipting system be disabled promptly for terminated employees, employees transferring to other Dallas County departments, and employees whose job duties no longer require access to the Elections terminal.

### **Review**

Standard internal control procedures require that access to the receipting system be disabled promptly for terminated employees, employees transferring to other Dallas County departments, and employees whose job duties no longer require access to the Elections terminal.

A comparison of all seven users related to the financial set up from County Wide Receipting and the Oracle Employee list revealed:

- One user no longer employed by Dallas County had active Elections Cashier and Inquiry roles assigned in CWR.

Inconsistent management review of the CWR user access list may lead to limited accountability for the posting of financial transactions to accounts belonging to



terminated/transferred employees. This increases the risk that the funds may be misappropriated.

**Cause/Effect**

- Inconsistent management review of the CWR user access list
- Limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees.
- Potential risk that funds may be misappropriated

**Recommendation****Financial Set-Up**

Management should:

- Request user access for former employee be disabled with follow-up occurring to ensure user account was disabled.
- Periodically perform review of active accounts to verify appropriateness and timely deactivation for separated/transferred employees.

**Management Action Plan**

- No response provided

**Auditor's Response**

- None

**Manual Receipts****Criteria**

Standard internal control procedures require unused official Dallas County manual receipts books be secured by management in a locked area and issued as needed to personnel who sign off upon taking custody of a book. All receipts should be accounted for and properly used in order to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and refunds due.

**Review**

Standard internal controls require unused official Dallas County manual receipts books be secured by management in a locked area and issued as needed to personnel who sign off upon taking custody of a book. All receipts should be accounted for and properly used in order to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and refunds due.

Request to review one manual receipt book issued to the Elections Department revealed:



- The manual receipt book could not be located.

The lack of management oversight in maintaining the manual receipt book issued to the Elections department has resulted in the loss or misplacement of the manual receipt book. This increases the risk that the manual receipt book could be used improperly and funds may be misappropriated.

### **Cause/Effect**

- Management oversight in maintaining the manual receipt book issued to the Elections department
- Loss or misplacement of the manual receipt book.
- Increases the risk that the manual receipt book could be used improperly and funds may be misappropriated.

### **Recommendation**

#### Manual Receipts

Management should:

- Attempt to locate the department's missing manual receipt book.
- Maintain a log tracking the assignment of receipt books to specific employees. The logs should also indicate the location of the unused manual receipt books issued to the department.

### **Management Action Plan**

- No response provided.

### **Auditor's Response**

- None

## **CWR Computer Receipts**

### **Criteria**

- Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money is received.
- Standard internal control procedures require receipts be verified for accuracy, including the amount, tender type, transaction date, and payer name.



- Standard internal control procedures related to the segregation of duties require the assignment of roles such that the same employee cannot both issue and void or adjust a receipt.
- Per department procedures related to maps, customers may purchase in person. Maps are not shipped to customers.

## **Review**

Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money is received.

Standard internal control procedures related to the receipting process require receipts to be verified for accuracy, including the amount, tender type, transaction date, and payer name.

Standard internal control procedures related to the segregation of duties require the assignment of roles such that the same employee cannot both issue and void or adjust a receipt.

Per department procedures related to maps, customers may purchase in person. Maps are not shipped to customers.

A sample review of 25 out of 70 (36%) computer receipts deposited with the Treasurer's Office during fiscal year 2022 revealed:

- Three computer receipts totaling \$214 were deposited between 11 and 17 business days after the initial receipt date.
- One computer receipt with a \$90 overcharge for a shipping fee was not voided or adjusted to reimburse the payee.

A review of the one computer receipt adjustment processed during fiscal year 2022 revealed:

- One receipt adjustment was performed by the same person that receipted the payment; the reason for the adjustment was not noted.

Inconsistent management oversight and improper segregation of duties have resulted in customer being overcharged, delayed revenue recognition, and an increased potential for financial loss.

## **Cause/Effect**

- Inconsistent management oversight



- Improper segregation of duties
- Delayed revenue recognition
- Customer being overcharged
- Increased potential for loss or misappropriation of funds

### **Recommendation**

CWR Computer Receipts

Management should:

- Process deposits timely and consistently in accordance with Local Government Code § 113.022.
- Implement a formal approval process for adjusting computer receipts which ensures proper segregation of duties.

### **Management Action Plan**

- No response provided

### **Auditor's Response**

- None

cc: Darryl Martin, Commissioners Court Administrator