



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA
COUNTY AUDITOR
edion@epcounty.com
www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
El Paso, Texas 79901-2407
(915) 546-2040
(915) 546-8172 FAX

11-19

November 16, 2022

Ms. Lisa R Wise, Administrator
Elections Department
Room 314, County Courthouse Building
500 E. San Antonio Street
El Paso, Texas 79901

Dear Ms. Wise:

The County Auditor's Internal Audit division performed an audit of the Elections Department general operations financial records to determine if internal controls are adequate to ensure compliance with County Elections Commissions guidelines and preparation of financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested two operational and nine financial controls using 283 samples. There was one finding noted as a result of the audit procedures. We wish to thank the management and staff of the Elections Department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

A handwritten signature in black ink that reads "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:PH:ya

cc: Ms. Betsy Keller, Chief Administrator



ELECTIONS DEPARTMENT NOVEMBER 2019 – MAY 2022 EXECUTIVE SUMMARY

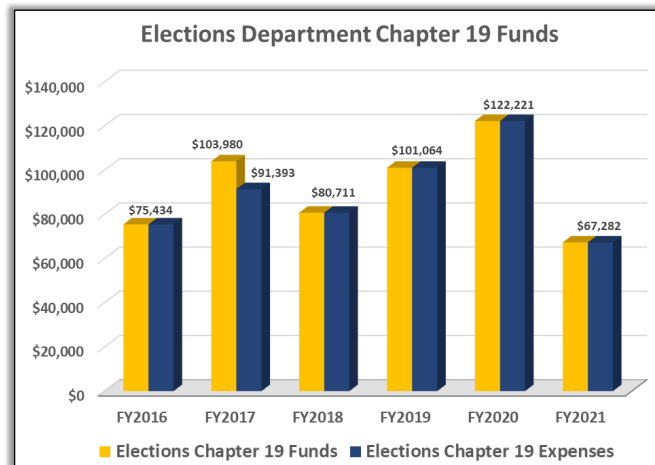
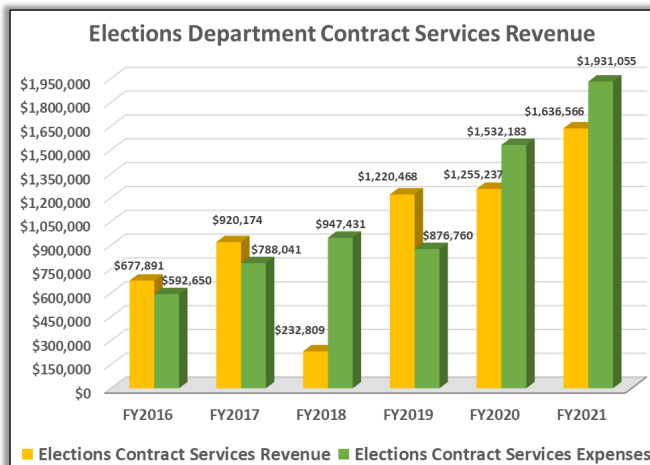


BACKGROUND

The El Paso County Elections Department is responsible for registering voters and providing the citizens with customer-centric elections through accuracy, responsiveness, and innovation. An administrator is elected by the County Elections Commission to perform county election and voter registrar duties. The administrator's core function is to conduct all federal, state, and county elections; certain elections for municipalities; and election services for independent school districts, water districts, and other political subdivisions which may contract with El Paso County. Additionally, the administrator is responsible for all administrative, personnel, and operations of the department. The current Administrator has been in office since April 2015. The audit was performed by Patrice Hills, CIA, internal auditor certified. The most recent prior audit report was issued August 15, 2012.

FINANCIAL REPORTING

Financial reports for the Elections Department Contract Service Special Revenue Account and Chapter 19 Funds for fiscal year 2021 are reported in the 2021 El Paso County Annual Comprehensive Financial Report (ACFR). The ACFR can be accessed at https://www.epcounty.com/auditor/publications/cafr/acfr_21/main.htm. The following are charts for the report of service contract revenue and expenditures and Chapter 19 funds and expenditures for the past five fiscal years.



Source: El Paso County ACFR

SCOPE

The scope of the audit is from November 2019 through May 2022.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Elections Department. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures.	Satisfactory
2. Adequate documentation and approval for voids and refunds.	Satisfactory
3. Timely deposits in accordance with <i>Local Government Code (LGC) § 113.022</i> .	Needs Improvement
4. Adequate expenditure controls.	Satisfactory
5. Adequate payroll expenditure controls for temporary employees.	Satisfactory
6. Appropriate administration and accurate reimbursement of Chapter 19 (Ch19) activity in accordance with <i>Texas Election Code (TEC) § 19, Texas Administrative Code (TAC) § 81</i> , and County of El Paso Policy.	Satisfactory
7. Adequate documentation and appropriate administration of service contracts in accordance with <i>Texas Election Code (TEC) § 31</i> and County of El Paso Policy.	Satisfactory



**ELECTIONS DEPARTMENT
NOVEMBER 2019 – MAY 2022
EXECUTIVE SUMMARY**



METHODOLOGY

To achieve the audit objectives, we:

- Reviewed policies and procedures.
- Tested voids and refunds to verify legitimacy of transactions and management approval.
- Tested all deposits to verify compliance with *LGC §113.022*.
- Tested a sample of the Elections Department expenditures for proper authorization.
- Tested a sample of temporary employee payroll transactions for appropriate controls.
 - Tested a sample of temporary employee payroll expenditures for duplicates and ghosts.
 - Reviewed a sample of timesheets for approval and discrepancies.
- Tested a sample of Chapter 19 expenditures and reimbursements for appropriate controls and compliance with *Texas Election Code (TEC) § 19*.
 - Reviewed a sample of Ch19 activity for timely submission, reimbursement and supporting documentation.
 - Tested a sample of the Ch19 expenditures for proper authorization and compliance with *TEC § 19, (TAC) § 81*, and internal policies/procedures.
- Reviewed a sample of County elections services contracts for completeness, compliance, and inclusion of estimate.
- Review a sample of billings for completeness, compliance, and timeliness.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans and the status of any prior action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Documented policies and procedures (Obj. 1) • Documentation on voids and refunds (Obj. 2) • Adequate expenditure controls (Obj. 4) • Adequate controls on temporary employee payroll expenditure (Obj. 5) • Appropriate administration and accurate reimbursement of Chapter 19 activity (Obj. 6) • Adequate documentation and appropriate administration of service contracts. (Obj. 7) 	<ul style="list-style-type: none"> • Timely deposits of collections (Obj. 3)
Findings Summary	
1. Deposits not in accordance with <i>LGC §113.022</i> .	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County’s assets from loss, theft, or misuse. The County’s internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

Elections Department met six of the seven objectives of this audit. Implementation of the recommendations provided in this report should assist the Elections Department in producing complete and accurate financial reports by strengthening their internal control structure.



**ELECTIONS DEPARTMENT
NOVEMBER 2019 – MAY 2022
FINDINGS AND ACTION PLANS**



Current Audit Findings & Action Plans

Finding #1		Risk Level M
<p><u>Deposits Not in Accordance with the Rapid Deposit Law</u> – All 16 deposits during the audit period were tested and 8 or 50% were not deposited timely. <i>LGC §113.022</i> requires receipts must be deposited on or before the fifth business day after funds are received. Testing determined that the average time to deposit funds in the bank was 28 days. Some receipts between January 23, 2020, to November 19, 2020, while the stay-at-home order was in effect, took up to 300 days to be deposited.</p> <p>Typically, the Elections Department receipts are either small dollar onsite service transactions for documents, or election related contract receipts. Different results were observed depending on the type of receipt. The sample revealed small dollar receipts were not deposited with urgency and were held in the lock box until deposit. In contrast, the contract-related high dollar payments received via mail showed an average time to deposit of 5.63 days. Additionally, adherence to the rapid deposit law for all receipts increased by 25% when this type of receipt was included in the deposit.</p>		
Recommendation		
We recommend funds be deposited on a regular schedule to ensure compliance with <i>LGC §113.022</i> .		
Action Plan		
Person Responsible	Vanessa Ruiz	Estimated Completion Date March 31, 2022
<p>Once management was made aware of the timely deposit issues, the following changes were implemented on March 31, 2022: a regular schedule was established to ensure all receipt types are available for deposit and sent to the bank timely.</p> <p>For small dollar service transactions, the Elections Department administrative coordinator will determine whether funds maintained by the front desk clerk are available for a deposit twice weekly. If funds are available, they are deposited to maintain compliance with <i>LGC §113.022</i>.</p> <p>Additionally, as election-related contract receipts arrive, they are provided to the coordinator and added to the small-dollar service transaction deposit, ensuring timely deposit. If no receipts exist, no deposit is made and the schedule continues.</p>		