

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

327



**FROM:** Auditor-Controller

**SUBMITTAL DATE:**  
July 31, 2014

**SUBJECT:** Internal Audit Report 2014-012: Riverside County Registrar of Voters, [District: All]; [\$0].

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2014-012: Riverside County Registrar of Voters

**BACKGROUND:**

**Summary**

We have completed an audit of the Riverside County Registrar of Voters to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, expenditures, records management and revenue. We conducted the audit during the period September 30, 2013 through December 5, 2013 for operations July 1, 2013 through June 30, 2014.

(Continued on page 2)

Paul Angulo, CPA, M.A.  
County Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	

**SOURCE OF FUNDS:** N/A

**Budget Adjustment:** No

**For Fiscal Year:** n/a

**C.E.O. RECOMMENDATION:**

APPROVE

BY:

Karen L. Johnson

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

- Positions Added
- Change Order
- A-30
- 4/5 Vote

**Prev. Agn. Ref.:**

**District:** ALL

**Agenda Number:**

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11:** County of Riverside Auditor-Controller's Office - Internal Audit Report 2014-012: Riverside County Registrar of Voters, [District: All]; [\$0]

**DATE:** July 31, 2014

**PAGE:** Page 2 of 2

**BACKGROUND:**

**Summary (continued)**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to revenues and records management. The Registrar of Voter's management controls over capital assets and expenditures were found to provide reasonable assurance that the Department and County objectives will be obtained. We will follow-up in one year to determine if actions were taken to correct the findings noted.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2014-012: Riverside County Registrar of Voters

**Internal Audit Report 2014-012**

**Riverside County Registrar of Voters**

**Report Date: July 28, 2014**



**Office of Paul Angulo, CPA, M.A.  
County of Riverside Auditor-Controller  
4080 Lemon Street, 11th Floor  
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**[www.auditorcontroller.org](http://www.auditorcontroller.org)**



**COUNTY OF RIVERSIDE**  
**OFFICE OF THE**  
**AUDITOR-CONTROLLER**

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**ACC** | **AUDITOR**  
**CONTROLLER**  
**COUNTY OF RIVERSIDE**

**Paul Angulo, CPA, M.A.**  
AUDITOR-CONTROLLER

July 31, 2014

Rebecca Spencer, Interim Registrar of Voters  
Riverside County Registrar of Voters  
2724 Gateway Drive  
Riverside, CA 92507

**Subject: Internal Audit Report 2014-012: Riverside County Registrar of Voters**

Dear Ms. Spencer:

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of the Riverside County Registrar of Voters. The audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, expenditures, records management and revenue. The audit covered the period of July 1, 2011, through December 5, 2013.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls, our responsibility is to assess the adequacy of internal controls based upon our audit.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to revenues and records management. The Registrar of Voter's management controls over capital assets and expenditures were found to provide reasonable assurance that the Department and County objectives will be obtained.

As requested, in accordance with paragraph IIC of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up in one year to verify that management implemented the corrective actions.

**Internal Audit Report 2014-012: Riverside County Registrar of Voters**

We thank the Riverside County Registrar of Voters management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, M.A.  
County Auditor-Controller

*Mark W. Cousineau*  
By: Mark Cousineau, CPA, CIA, CFE  
Chief Internal Auditor

cc: Board of Supervisors  
Executive Office

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## **Executive Summary**

### **Overview**

The Riverside County Registrar of Voters (Registrar) has a mission to “ensure the electoral process will be conducted professionally, consistently demonstrating neutrality and non-partisan decision-making, based upon thorough knowledge of and compliance with all election laws by administering them timely, responsively and with integrity on behalf of those we serve.” The Registrar staff performs a myriad of tasks to ensure election poll workers are properly trained, voters meet the California requirements to vote, and election polling locations are adequately selected and staffed.

In addition to the customary elections, the department provides election services for: Special Mail Ballot Elections, General District Elections, General Municipal Mail Ballot Elections, General Municipal Elections, Governing Board Member Elections, and General Municipal Elections under Uniform District Election Law, College Districts, Judicial Offices, and County Offices.

### **Audit Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, expenditures, records management and revenue.

### **Audit Conclusion**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to revenues and records management. The Registrar of Voter’s management controls over capital assets and expenditures were found to provide reasonable assurance that the Department and County objectives will be obtained.

## Revenues

### Background

Total revenue for the Department in fiscal years 2011-12 and 2012-13 amounted to \$6,440,005. The majority, (95%) of the Department's revenue is comprised of election services provided to other government entities; including schools, special districts and cities.

Auditor-Controller's Standard Practice Manual 7 "*Billing*", (SPM 7), provides uniform instructions for departments to bill for services or reimbursements. At a minimum, bills for services rendered should be created monthly. Reimbursement claims should be prepared by a schedule provided by the funding source no later than 10 days after the close of the period.

We reviewed 24 transactions; totaling \$4,803,736 (74.6%) of the \$6,440,005 revenue received by the Registrar in fiscal years 2011-12 and 2012-13.

### Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over revenue.

### Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of board policies, and other applicable standards.
- Met with Registrar personnel to obtain an understanding of the billing process.
- Performed financial analytic review for the last three fiscal years.
- Ran queries for revenue transactions during fiscal years 2011-12 and 2012-13, and selected samples for testing.

### Finding 1: Timely Billing for Services

The Registrar bills for election services an average of 122 days after the close of elections. Our review of billings for the Presidential Primary and the Presidential elections conducted during June 5, 2012 and November 6, 2012 disclosed that billing occurred from 115 days to 251 days after the elections. This occurred because the Registrar delays billing until all outstanding expenses incurred for each jurisdiction are received from vendors. Delays in billing for services provided results in lost interest on funds that would otherwise be available.

### Recommendation 1:

The Registrar bill for services on a monthly basis and communicate the change to its customers.



**Management position concerning the recommendation:**

“**Concur.** The Registrar of Voters concurs with Finding 1 that billing should be timely; however, monthly billing is not feasible. Most elections are not certified until 28 days after Election Day. During those 28 days there are a number of activities taking place that result in expenses that are billed back to the jurisdictions appearing on the ballot. It takes at least a month after election certification to reconcile election officer payroll and TAP payroll. It will be the goal of the Registrar of Voters office to bill for election services within 90 days after an election is certified due to all of the expenses that impact the cost of an election not being available until after certification.”

Actual/estimated Date of Correction Action: **Immediately**

**Auditor's Comment:**

While the Registrar's response will shorten the billing period, it does not address why the ROV could not utilize monthly progress billings to recover costs incurred to date.

## Records Management

### Background

Board of Supervisors Policy number A-43 *County Records Management and Archives Policy*, (A-43), requires County departments to follow guidelines for responsible recordkeeping established under the policy, and for departments to develop department policies and procedures in accordance with those guidelines.

A-43 states; "retention periods on Board approved records retention schedules are mandatory, and records shall be disposed of in accordance with those approved retention periods." All County Departments must adhere to the Countywide General Records Retention Schedule, (GRRS), if they do not have a departmental records retention schedule (DRRS) approved by the Board of Supervisors.

California Elections Code, Division 17 *Retention and Preservation of Election Records*, establishes guidelines for the retention of election records. The guidelines are incorporated in the Registrar's Departmental Policies and Procedures Manual.

### Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over record management.

### Audit Methodology

To accomplish our objectives, we:

- Determined if the department has a written records management policy and who is responsible for records within the department.
- Determined if the Registrar is following the general records retention policy schedule (GRRS).
- Determined if the Registrar has a Board approved DRSS.

### Finding 2:

The Registrar did not follow the GRRS or have an approved DRRS for the period audited. This occurred because the Registrar followed their policy and procedures manual and did not think they needed to comply with A-43. The Registrar has initiated the process of developing a DRSS

### Recommendation 2:

The Registrar completes the DRRS and submits to the Board of Supervisors for approval.

**Management position concerning the recommendation:**

**“Concur.** The Registrar of Voters concurs with Finding 2 which requires compliance of Board Policy A43. The Registrar of Voters has consulted with the County of Riverside Records Management and Archive Program (RMAP) to create a Departmental Records Retention Schedule (DRRS). A draft DRRS has been developed and is currently in the proofing process. The final DRRS will be submitted to the Board of Supervisors as soon as it is available.”

Actual/estimated Date of Correction Action: **Currently in progress**

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**REBECCA SPENCER**  
Registrar of Voters



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**REGISTRAR OF VOTERS**  
**COUNTY OF RIVERSIDE**

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**DATE:** July 25, 2014

**TO:** Auditor-Controller's Office  
Internal Audit Division

**FROM:** Rebecca Spencer, Registrar of Voters

**SUBJECT:** Reply to Internal Report Audit 2014-012: Riverside County Registrar of Voters

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**Finding 1: Timely Billing for Services**

The Registrar bills for election services an average of 122 days after the close of elections. Our review of billings for the Presidential Primary and the Presidential elections conducted during June 5, 2012 and November 6, 2012 disclosed that billing occurred from 115 days to 251 days after the elections. This occurred because the Registrar delays billing until all outstanding expenses incurred for each jurisdiction are received from vendors. Delays in billing for services provided results in lost interest on funds that would otherwise be available

**Recommendation 1:**

The Registrar bill for services on a monthly basis and communicate the change to its customers.

**Management position concerning the recommendation: Concur**

**Comments:**

The Registrar of Voters concurs with Finding 1 that billing should be timely; however, monthly billing is not feasible. Most elections are not certified until 28 days after Election Day. During those 28 days there are a number of activities taking place that result in expenses that are billed back to the jurisdictions appearing on the ballot. It takes at least a month after election certification to reconcile election officer payroll and TAP payroll. It will be the goal of the Registrar of Voters office to bill for election services within 90 days after an election is certified due to all of the expenses that impact the cost of an election not being available until after certification.

## **Finding 2: Record Management**

The Registrar did not follow the GRRS or have an approved DRRS for the period audited. This occurred because the Registrar followed their policy and procedures manual and did not think they needed to comply with A-43. The Registrar has initiated the process of developing a DRSS

### **Recommendation 2:**

The Registrar completes the DRRS and submits to the Board of Supervisors for approval.

**Management position concerning the recommendation: Concur**

### **Comments:**

The Registrar of Voters concurs with Finding 2 which requires compliance of Board Policy A-43. The Registrar of Voters has consulted with the County of Riverside Records Management and Archive Program (RMAP) to create a Departmental Records Retention Schedule (DRRS). A draft DRRS has been developed and is currently in the proofing process. The final DRRS will be submitted to the Board of Supervisors as soon as it is available.

Submitted by:

  
Rebecca Spencer, Registrar of Voters