

## **INTERNAL AUDIT REPORT**

**Audit of the FY14 Registrar of Voters  
Election Payments' Internal Controls**



Assignment 10333  
January 17, 2017

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**Conclusion**

The controls over FY14 election payments are good. A key factor driving the Registrar of Voters Department (ROV) to excel in making these payments is the challenge the department faces to recruit and retain the necessary election workers. To further strengthen internal controls, we identified improvements in the areas listed below. It is anticipated that this report will be submitted to the Board of Supervisor's Finance and Government Operations Committee in winter 2017.

- Approval of compensation rates (Finding 1)
- Compensating polling place hosts (Findings 2 and 3)
- Warrant mailing (Finding 4)
- Warrant reissuance practices (Finding 5)
- Documenting policies and procedures (Finding 6)
- Record retention timelines (Finding 7)

This report includes 15 recommendations of which eight are Priority One<sup>1</sup>, none that are Priority Two<sup>2</sup> and seven are Priority Three.<sup>3</sup> It also includes nine Other Observations which are presented for the ROV's consideration.

The ROV had a significant accomplishment in 2016. While the ROV lacked official documented support for the compensation rates paid in 2014, it obtained Board of Supervisors approval for revised rates effective April 26, 2016. These revised rates are now official department policy.

The ROV has agreed to implement all 15 recommendations by August 31, 2017. The Internal Audit Division plans to perform a follow-up audit on the recommendations once implemented.

**Program Background**

In 2014, the ROV conducted two major elections, the June 3 Gubernatorial Election and the November 4 General Election; each election required the ROV to staff approximately 1,000 precinct polling places.

For all elections, the ROV augments its employee staff with election workers to conduct the elections in a lawful and effective manner; augmented duty positions include precinct clerks and inspectors, equipment and supplies transport personnel, ballot tabulating personnel and other sundry duty staff. The ROV must also recruit public and private property owners to host polling place (precinct) sites and temporary equipment staging/storage. The number of residents and polling

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<sup>1</sup> Priority One recommendations cover issues of federal, state and local laws, regulations, ordinances and the County Charter. In addition, this priority level can include recommendations that would or could result in significant (\$250,000 or more) increases in revenues or decreases in expenditures. This priority level also can include significant weaknesses in internal controls. Lastly, recommendations made to make significant changes in federal, state, or local policy through amendments to existing laws, regulations and policies would also be included.

<sup>2</sup> Priority Two recommendations can result in moderate (\$50,000 to \$250,000) increases in revenues or decreases in expenditures or can make changes in local policy through amendments to existing County ordinances and policies and procedures. Priority Two recommendations can also include revisions to existing departmental or program policies and procedures that could result in improved service delivery, increased operations efficiency, greater program effectiveness, improved control over the safeguarding of assets or the accuracy and completeness of financial data.

<sup>3</sup> Priority Three recommendations included in this level would address program related policies and procedures that would result in modest improvements to service delivery, operational efficiency, or program effectiveness.

place hosts varies per election. For each 2014 major election, the ROV hired approximately 4,000 residents to staff the 1,000 precincts and approximately 450 miscellaneous support staff. Additionally, approximately 450 high school students, either paid or performing community service on an unpaid basis, served in precincts and other election day work areas.

The ROV compensates these community residents and private property owners with daily stipends or hourly wages. The ROV processes these payments through its electronic system and subsequently uploads (interfaces) them to the County's financial and accounting system. Additionally, the ROV pays certain vendors, refunds eligible candidates, and processes required tax document computations utilizing the interface feature.

- Objective** This audit's objective was to test the internal controls of the ROV payment transactions and tax reporting computations transferred from the Election Information Management System (aka EIMS) to the County's financial and accounting system (aka SAP).
- Scope** This audit encompassed County payments uploaded through this interface to election workers, polling places, candidates (statement refunds), and selected vendors paid for services provided during the 2014 calendar year specifically resulting from the June 3, 2014 Gubernatorial Primary Election and the November 4, 2014 General Election. Additionally, this audit included a review of the tax reporting computations uploaded through this interface.
- Methodology** We obtained understanding of the business risks and internal control structures, analyzed their effectiveness, reviewed polling place payments, candidate statement refund worksheets (November election only), and tax reporting computations.
- We conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to several intervening elections, the audit timeframe was extended. The audit was conducted during FY15 and FY16 with fieldwork concluding on June 29, 2016. We discussed this report's draft copy with the ROV prior to issuing this final report. Attached to this report is the Department's formal response.

**Audit  
Background**

This audit was initiated from the annual approved audit work plan. The County's financial and accounting system allows departments to process payments and other transactions within other systems and subsequently upload those payments into the County's financial and accounting system. This is commonly known as the payment interface feature. This audit sought to address internal controls existing for interfaced payments and transactions initiated by the ROV.

We understand the difficulty the ROV staff endures to recruit and train the election workers to help ensure properly conducted elections. Thus we sincerely appreciate the ROV staff's efforts and cooperation provided to us during this audit.

Signature on file

Rebecca Haggerty, Internal Audit Manager   
January 17, 2017

**Attachments:**

Management Response from Registrar of Voter's Department  
Management Response from Controller-Treasurer Department

**Findings and Recommendations**

**Finding 1 Compensation rate approval documentation did not exist.**

Lacking Board-approved documentation of compensation rates, the ROV could not justify the compensation rates it applied to the 2014 election worker payment calculations. When spending taxpayer monies, it is a common and important practice to document the amounts and rates being used to make the payment. Under California Elections Code section 12310, rates should be fixed by the governing body.

For services provided, the ROV compensates its election workers and private entity polling place owners per an hourly wage or per a daily stipend. The ROV also pays premiums such as training attendance and bilingual skills to eligible election workers. The ROV could not provide authoritative supporting evidence, e.g. a Board meeting minutes document with a Board transmittal, that the service rates and the premium amounts applied to the 2014 election workers' compensation calculations were correct. The ROV could also not provide reasons for not documenting its rates. Without ascertaining the official rates effective in 2014, it is not possible to calculate any adverse impact either to the County or to the election workers.

The ROV is aware of this documentation deficiency and has addressed the matter. Commencing with the 2016 elections, the Board of Supervisors approved a policy, *Election Officer and Volunteer Stipend Policy*, which documented election worker compensation rate increases.

**Recommendation 1.1** The ROV should investigate the implications, if any, relating to its practice prior to 2014 of applying election workers rates for which approval is not documented. (Priority 1) [Expected 03/31/17]

**Recommendation 1.2** In the future, the ROV should submit its payment rates for approval to the Board of Supervisors whenever a change in rates is desired. (Priority 1) [Expected 03/31/17]

**Finding 2 Polling place hosts at public locations may have been inappropriately compensated.**

In the Primary and General Elections held in 2014, 20 public entities hosting 43 precinct polling places received the \$75 precinct stipend per election; these payments totaled \$3,225. Certain provisions of the Elections Code may allow public building owners to host precinct polling places without cost. When requesting polling place sites, the ROV should determine if the site is publicly or privately owned, and request that the public entity permit use without compensation in the event that the law permits such use.

For the November 4, 2014 General Election, the ROV established 1,066 polling places with approximately 450 being public-facility based. To assure entities that have waived or are ineligible to receive compensation are not compensated, the ROV's automated election payment module has a feature enabling polling place stipends to be withheld from individuals or entities ineligible to receive this compensation. In 2014, a software upgrade malfunction may have contributed to the 43 questionable payments. Also, some entity names are vague causing

uncertainty as to ownership. This also contributes to questionable payments. From reviewing the polling place entity names, there are some whose names do not clearly indicate if they are privately owned or publicly owned. For example, some community centers are named for the neighborhood where they have situs but may be privately owned.

- Recommendation 2.1** The ROV should investigate whether, and to what extent, payments made to public location polling places in 2014 are inappropriate and recover such amounts.  
(Priority 1) [Expected 3/31/17]
- Recommendation 2.2** The ROV should determine if similar payments to public location polling places made before or after 2014 are inappropriate and recover such amounts.  
(Priority 1) [Expected 6/30/17]
- Recommendation 2.3** The ROV should document its policy regarding whether or not to compensate public entities with a polling place stipend.  
(Priority 1) [Expected 8/31/17]
- Finding 3**                   **Polling place hosts with property tax exemptions may have been inappropriately compensated.**
- Probable non-qualifying property tax-exempt polling place hosts received compensation totaling \$38,475. With certain exceptions, per Elections Code Section 12282, Revenue and Taxation Code Section 213.5 and Revenue and Taxation Code Section 214 institutions exempt from ad valorem tax should provide free use of property as polling site space upon timely request by the ROV to such sites. Some of the 2014 polling place host entities were exempt under Section 214 while others were not exempt; however, the ROV has been providing the customary polling place host stipends to all private entities regardless of their property tax status and is unaware of this practice's origin or original justification.
- Due to the property tax exemption complexities, determining the actual payments made to institutions exempt from California property tax determined by the Assessor and/or California Board of Equalization was not performed during this audit. Such a task would require the assistance of the Assessor's Office Exemptions Division, and possibly the County Counsel.
- Recommendation 3.1** The ROV should investigate whether, and to what extent, payments made to tax-exempt institutional polling places in 2014 are inappropriate and recover such amounts.  
(Priority 1) [ Expected 6/30/17]
- Recommendation 3.2** The ROV should determine if similar payments to tax-exempt institutional polling places made before or after 2014 may be recovered and recover such amounts.  
(Priority 1) [Expected 6/30/17]
- Recommendation 3.3** The ROV should document its policy regarding payment to qualifying tax-exempt institutions with a polling place stipend.  
(Priority 1) [Expected 8/31/17]

**Finding 4 Warrants are returned to the department for mailing.**

The Information Services Department's Printing Services Division prints warrants for election workers and vendor payments and delivers them to the ROV for mailing. This process returns "live" warrants to the same department that created the warrants. The reason that the department receives warrants is to review the warrants prior to mailing to assure correct name and address printing. However, the review has not revealed any significant errors in the warrant printing.

We suggest that it would be preferable for the warrants to be mailed directly by the Printing Services Division and not returned to the ROV. The warrant data would be approved prior to submission for printing; no additional review is performed of the printed warrants. For cases where the ROV prefers to hand-deliver warrants, the system allows for individual warrants to be delivered to the department. This permits the ROV to continue to hand deliver to individuals or entities when desired for recruiting and goodwill reasons.

Direct mailing would enhance internal control, minimize warrant handling and be a more efficient and productive use of County staff. Other County departments have switched to direct mailing of warrants with no adverse impact.

**Recommendation 4.1** The ROV should arrange for warrants for election worker and vendor to be mailed directly by Printing Services while allowing for justifiable exceptions where the warrant will be returned to the ROV for distribution.  
(Priority 3) [Expected 6/30/17]

**Finding 5 Warrant Reissuance practices (processing and timelines) are not aligned with countywide policies.**

Occasionally, election workers and polling place hosts lose or destroy their compensation warrants prior to cashing them. These individuals contact the ROV seeking a warrant reissuance. The ROV policy denies reissuance requests beyond five years after the original issuance. Although this policy's origin is not documented, it may have come from conversation with the County Controller-Treasurer staff and/or an earlier County policy that precluded reissuance of warrants more than six years old<sup>4</sup>. The ROV's current time limitation does not comply with published County policy<sup>5</sup>, which does not impose a time limit.

The ROV processes warrant reissuances via the EIMS interface; whereas County policy requires reissuances be processed in the Controller-Treasurer Office. The ROV should not maintain a divergent policy unless formally granted an exception.

**Recommendation 5.1** The Controller-Treasurer Department should review published policies related to reissuance of warrants to ensure intended time frames and interfaced payments processes are included.  
(Priority 3) [Expected 3/31/17]

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<sup>4</sup> 1997 memo from the Accounting Manager re: Reissue of Stale Dated Warrants, providing guidelines for warrant reissuance, including precluding reissuance of warrants more than six years old (on file with the Finance Agency).

<sup>5</sup> County of Santa Clara Policy: Accounts Payable Warrant Cancellation, on file with the Finance Agency.

**Recommendation 5.2** Once the Controller-Treasurer Department has confirmed its policies, the ROV should adjust its election worker warrant reissuance practices to align with the County's policy or obtain an exception from the Controller-Treasurer Department. (Priority 3) [Expected 6/30/17]

**Finding 6** **Not all Policies and Procedures are documented.**

Although the ROV has written policies and procedures, they could be enhanced to fully cover all processes. For example, the processes listed below would benefit from documentation.

Election Payment Processing

An organization performing detailed tasks should have written procedures to guide, if needed, those performing the tasks and to serve as a training tool for those learning the tasks. The current documented election worker payment procedures are limited; this may be due to the departmental staff's extensive experience performing these tasks. In 2014, there may not have been any adverse effect; however, recent staffing and duties changes enhance the need for documented procedures to minimize processing errors. The departmental staff recognizes this deficiency and intends to prepare written procedures.

Practices Related to Federal Reporting

A written formal action plan does not exist for election workers who do not comply with the IRS reporting requirements. The ROV, as a County department, must comply with all Federal and State taxing authorities. This expectation often requires cooperation by those employees and others, in this context the election workers. Election worker noncompliance should result in actions as documented in ROV official policy.

While the ROV has sufficient controls to assure Federal tax compliance for high earnings-prone election workers, some who are not classified in these high earnings codes may escape compliance. To ensure appropriate tax reporting, the ROV reviews all compensation paid during the calendar year to identify any possible noncompliant taxable income reporting. For those found, the ROV notifies the workers and requires them to complete an IRS Form W-9. Most workers comply but some do not. In 2014, two did not; one earned \$605 and the other \$712 (both exceeded the \$600 threshold). Although these two are prohibited from future election work by the ROV, the ROV could not site a formal ROV policy prohibiting such workers from working in future elections.

Analyzing warrant reissuances

When it is necessary to reissue a warrant (mainly because the election worker lost the warrant), the ROV analyzes the scenario to identify business process improvements. It would be beneficial to include this topic in the departmental policies and procedures.

**Recommendation 6.1** The ROV should document the election worker payment processing procedures. (Priority 3) [Expected 3/31/17]

**Recommendation 6.2** The ROV should create and document policies and procedures that ensure workers submit the necessary tax reporting paperwork prior to allowing workers to meet the tax reporting limit. The policy should also address workers failing to comply with tax compliance matters.  
(Priority 3) [Expected 3/31/17]

**Recommendation 6.3** The ROV should document a policy and procedure for its existing practice of identifying business process improvements by analyzing the reasons for warrant reissuance requests.  
(Priority 3) [Expected 3/31/17]

**Finding 7 Election worker records retention periods are lengthier than provided for in County policy.**

The ROV maintains certain election worker records longer than the Board-approved requirements. In 2015, the Board of Supervisors approved a series of departmental (including the Registrar of Voters) records retention and destruction schedules for official records. In addition, the State of California's Elections and the Government Codes mandate specific minimum election worker records retention periods; none exceeding two years. The Board-approved ROV's records retention periods for election worker documents are two years. However, the ROV retained some election worker records dating to 2001. While not adversely affecting daily operations, retaining unnecessary records is not consistent with County policy.

**Recommendation 7.1** The ROV should abide by the Board approved retention schedule and purge records retained beyond the required time.  
(Priority 3) [Expected 6/30/17]

**Other Observations**

<b>Other Observation Number</b>	<b>Observation</b>	<b>Recommendation</b>
OO1	<p>Work preparation and review should be performed by different people in order to enhance review and detect errors. For election worker payment processing, the person that reviews the payment should not also have prepared the payment. In 2014, this practice was not fully in effect. It was improved in 2016 by adding additional review.</p>	<p>The ROV should regularly assign separate personnel to prepare and review/approve election worker payments.</p>
OO2	<p>The Oath and Payroll form contains grammatical inconsistencies, between the oath and the integrity statement, and verbiage that may be misleading. This form is signed by workers before commencing work.</p> <p>Prior to 2014, the ROV changed the compensation terms for work in the ballot counting room from stipend to hourly; however, the ROV did not update the Oath and Payroll form, to reflect this change.</p>	<p>The ROV should revise the Oath and Payroll form to correct grammatical errors, misleading verbiage, and to reflect hourly compensation.</p>
OO3	<p>Three election workers' tax reporting forms included mileage reimbursements, totaling approximately \$200. Since mileage reimbursements are nontaxable payments, the ROV should exclude these from the taxable earnings reported to the Internal Revenue Service. We believe these errors were due to incorrectly including multiple types of reimbursements into one payment amount.</p>	<p>The ROV should devise mechanisms to ensure different types of pay are not combined which can result in incorrect taxation of such pay.</p>

OO4	The ROV Election Information Management System's election worker naming convention is not standardized, allowing for a worker to have his/her name entered in different spellings and formats. This often occurs when a person's works multiple functions e.g. working as a precinct clerk on Election Day and counting ballots on Election Night. Non-standardized naming can result in additional processing times, misinformation and clerical errors. The County's financial and accounting system incorporated a standardized naming convention which could be considered by the ROV.	The ROV staff is cognizant of the issue and is exploring possible solutions. We encourage consideration of: <ul style="list-style-type: none"><li>a. Establishing a standardized naming convention, possibly using the same convention as the County accounting system.</li><li>b. Rectifying names already in the system to the newly established convention.</li><li>c. Utilizing the worker's legal name, possibly ascertained by viewing a driver's license or other legal document.</li></ul>
OO5	Individual workers are able to donate their earnings to a charitable organization without reporting of taxable income to the worker. This may not be consistent with personal income tax rules.	The ROV should review this practice with County Counsel for appropriateness.
OO6	Service organizations recruit persons to work during elections. The monies earned by the person are not paid to the individual. Instead, the monies are paid to the service organization. This may not be consistent with personal income tax rules.	The ROV should review this practice with County Counsel for appropriateness.
OO7	County employees are allowed to work for the ROV during elections. These employees receive normal pay plus a stipend from the ROV; thereby seemingly receiving double pay. We suggest that this policy be revisited.	The ROV should reaffirm this practice by confirming with the Board of Supervisors.

OO8	Election worker payment includes numerous manual steps, such as printed/signed paper time sheets and several manual reviews. Although no particular issues were identified, manual processing appeared to be inefficient.	The ROV should consider automating some of the processes. For example the ROV should consider using Excel or data analysis tools to perform data reviews/validations and/or automated timekeeping tools for recording time. We understand the department is considering purchasing an updated system and encourage this effort.
OO9	The ROV was unable to provide some of the documents requested by the auditor. Examples include: <ul data-bbox="326 709 735 865" style="list-style-type: none"><li>• Driver's license copies for two EMP drivers</li><li>• Retention bonus spreadsheet</li><li>• Authority to hire spreadsheet</li><li>• Group warrant – name of group</li></ul>	The ROV should study its filing and record storage processes to ensure that documents are retained and available for business purposes.

# County of Santa Clara

## Registrar of Voters

1555 Berger Drive, Bldg. 2  
San Jose, CA 95112  
Mailing Address: P.O. Box 611360, San Jose, CA 95161-1360  
1(408) 299-VOTE (8683) 1(866) 430-VOTE (8683) FAX: 1(408) 998-7314  
www.sccvote.org



DATE: January 13, 2017

TO: Rebecca Haggerty, Internal Audit Manager

FROM: Shannon Bushey, Registrar of Voters *SB*

SUBJECT: Departmental Response to Internal Audit Report – Audit of the FY14 Registrar of Voters Election Payments' Internal Controls

The Registrar of Voters' Office appreciates the opportunity to provide response on the Internal Audit Report. We commend the thorough and thoughtful manner in which the Internal Audit Division has performed their work and the care taken to understand our various systems and processes. We look forward to implementing the many meaningful improvements contained within these recommendations.

**Recommendation 1.1:** The ROV should investigate the implications, if any, relating to its practice prior to 2014 of applying election workers rates for which approval is not documented. (Priority 1) [Expected 03/31/17]

**ROV Response:** ROV agrees with the recommendation and will investigate within the proposed timeframe. As stated in the report, ROV has since ensured that a Board-approved policy is in place.

**Recommendation 1.2:** In the future, the ROV should submit its payment rates for approval to the Board of Supervisors whenever a change in rates is desired. (Priority 1) [Expected 03/31/17]

**ROV Response:** ROV agrees with and has implemented this recommendation. As of April 26, 2016, ROV has a Board-approved policy on election volunteer stipends that documents current rates. ROV will seek approval for an amended policy to include any future changes to rates.

**Recommendation 2.1:** The ROV should investigate whether, and to what extent, payments made to public location polling places in 2014 are inappropriate and recover such amounts. (Priority 1) [Expected 3/31/17]

**ROV Response:** ROV agrees with the recommendation to investigate within the proposed timeframe. As part of the investigation, ROV agrees to consider the recommendation regarding recovery of amount paid to public locations used as polling places. The department has concerns over the possible operational impact that

recovery attempts could create, such as creating ill will with facility owners and managers that will likely limit ROV's access to use of those facilities as polling places in future elections. In many cases, in addition to providing a physical location, public entities that host polling places also provide other services that facilitate ROV's use of the site, including having staff available after-hours and at specific dates and times to receive delivery of precinct equipment and to unlock the facility for polling place set up. ROV relies on establishing good working relationships with facility owners and managers to ensure that these services are available as well as to ensure that polling places are allowed to be set up in ideal locations such as auditoriums as opposed to being relegated to smaller, less conducive rooms within the facility. ROV faces many difficulties in recruiting polling places for the approximately 700-900 precincts in a countywide election, including very demanding legal, logistical, and accessibility-related requirements, and therefore the department is hesitant to take any steps that would damage relationships with facility owners and managers.

**Recommendation 2.2:** The ROV should determine if similar payments to public location polling places made before or after 2014 are inappropriate and recover such amounts. (Priority 1) [Expected 6/30/17]

**ROV Response:** ROV agrees with the recommendation to investigate if inappropriate payments were made before or after 2014 and agrees to consider the recommendation to recover such amounts. As stated above, ROV has concerns about possible operational impacts caused by recovery attempts and needs to weigh those concerns while researching this issue further.

**Recommendation 2.3:** The ROV should document its policy regarding whether or not to compensate public entities with a polling place stipend. (Priority 1) [Expected 8/31/17]

**ROV Response:** ROV agrees with the recommendation and will ensure the policy is documented within the proposed timeframe. ROV agrees that it is important that the policy be designed to ensure that stipends are applied in a manner that is consistent, fair, legally compliant, and conducive to the recruitment of adequate facilities to serve the critical function of hosting polling places.

**Recommendation 3.1:** The ROV should investigate whether, and to what extent, payments made to tax-exempt institutional polling places in 2014 are inappropriate and recover such amounts. (Priority 1) [Expected 6/30/17]

**ROV Response:** ROV agrees with the recommendation to investigate within the proposed timeframe. As part of the investigation, ROV agrees to consider the recommendation regarding recovery of amount paid to tax-exempt institutions. The department has concerns over the possible operational impact that recovery attempts could create, such as creating ill will with facility owners and managers that will likely limit ROV's access to use of those facilities as polling places in future elections. As with public entities, tax-exempt institutions that host polling places also provide other services beyond the physical location that facilitate ROV's use of the site, including

having staff available after-hours and at specific dates and times to receive delivery of precinct equipment and to unlock the facility for polling place set up. ROV relies on establishing good working relationships with facility owners and managers to ensure that these services are available as well as to ensure that polling places are allowed to be set up in ideal locations such as auditoriums as opposed to being relegated to smaller, less conducive rooms within the facility. ROV faces many difficulties in recruiting polling places for the approximately 700-900 precincts in a countywide election, including very demanding legal, logistical, and accessibility-related requirements, and therefore the department is hesitant to take any steps that would damage relationships with facility owners and managers.

**Recommendation 3.2:** The ROV should determine if similar payments to tax-exempt institutional polling places made before or after 2014 may be recovered and recover such amounts. (Priority 1) [Expected 6/30/17]

**ROV Response:** ROV agrees with the recommendation to investigate payments made before or after 2014 and agrees to consider the recommendation to recover such amounts. As stated above, ROV has concerns about possible operational impacts caused by recovery attempts and needs to weigh those concerns while researching this issue further.

**Recommendation 3.3:** The ROV should document its policy regarding payment to qualifying tax-exempt institutions with a polling place stipend. (Priority 1) [Expected 8/31/17]

**ROV Response:** ROV agrees with the recommendation and will ensure the policy is documented within the proposed timeframe. ROV agrees that it is important that the policy be designed to ensure that stipends are applied in a manner that is consistent, fair, legally compliant, and conducive to the recruitment of adequate facilities to serve the critical function of hosting polling places.

**Recommendation 4.1:** The ROV should arrange for warrants for election worker and vendor to be mailed directly by Printing Services while allowing for justifiable exceptions where the warrant will be returned to the ROV for distribution. (Priority 3) [Expected 6/30/17]

**ROV Response:** ROV agrees to consider the recommendation. ROV will test to verify whether the recommended process can be implemented without any loss to efficiency, accuracy, and flexibility.

**Recommendation 5.1:** The Controller-Treasurer Department should review published policies related to reissuance of warrants to ensure intended time frames and interfaced payments processes are included. (Priority 3) [Expected 3/31/17]

**ROV Response:** ROV agrees with the recommendation.

**Recommendation 5.2:** Once the Controller-Treasurer Department has confirmed its policies, the ROV should adjust its election worker warrant reissuance practices to align with the County's policy or obtain an exception from the Controller-Treasurer Department. (Priority 3) [Expected 6/30/17]

**ROV Response:** ROV agrees with the recommendation and will update its practices to align with County policy within the proposed timeframe. ROV does not see any operational obstacles to reissuing warrants that are older than five years.

**Recommendation 6.1:** The ROV should document the election worker payment processing procedures. (Priority 3) [Expected 3/31/17]

**ROV Response:** ROV agrees with the recommendation and will document procedures within the proposed timeframe. Current procedures documentation exists, but ROV agrees such documentation would benefit from being expanded with additional detail. Such documentation will help to foster more consistency in staff performance.

**Recommendation 6.2:** The ROV should create and document policies and procedures that ensure workers submit the necessary tax reporting paperwork prior to allowing workers to meet the tax reporting limit. The policy should also address workers failing to comply with tax compliance matters. (Priority 3) [Expected 3/31/17]

**ROV Response:** ROV agrees with the recommendation and will document procedures within the proposed timeframe. ROV agrees that collecting tax reporting paperwork from volunteers prior to them performing service is the best practice.

**Recommendation 6.3:** The ROV should document a policy and procedure for its existing practice of identifying business process improvements by analyzing the reasons for warrant reissuance requests. (Priority 3) [Expected 3/31/17]

**ROV Response:** ROV agrees with the recommendation and will document procedures within the proposed timeframe. ROV agrees that better procedures documentation will help foster more consistency in staff performance in this task.

**Recommendation 7.1:** The ROV should abide by the Board approved retention schedule and purge records retained beyond the required time. (Priority 3) [Expected 6/30/17]

**ROV Response:** ROV agrees with the recommendation. ROV will review the Board-approved retention schedule and will bring its practices into alignment within the proposed timeframe. This will include destruction of documents outside of the retention period. This may also include seeking Board approval for amending the retention schedule to allow for longer retention periods on certain documents that have administrative value greater than the current 22 month period, such as records needed to substantiate reissuance of warrants beyond five years.

## **Other Observations**

**Recommendation OO1:** The ROV should regularly assign separate personnel to prepare and review/approve election worker payments.

**ROV Response:** ROV agrees with the recommendation and has fully implemented this practice as of the June and November 2016 elections.

**Recommendation OO2:** The ROV should revise the Oath and Payroll form to correct grammatical errors, misleading verbiage, and to reflect hourly compensation.

**ROV Response:** ROV agrees with the recommendation and is in the process of updating and unifying various versions of this form.

**Recommendation OO3:** The ROV should devise mechanisms to ensure different types of pay are not combined which can result in incorrect taxation of such pay.

**ROV Response:** ROV agrees with the recommendation and is in the process of developing procedural safeguards to ensure its existing process of keeping these types of pay separate is followed consistently.

**Recommendation OO4:** The ROV staff is cognizant of the issue and is exploring possible solutions. We encourage consideration of: a) Establishing a standardized naming convention, possibly using the same convention as the County accounting system; b) Rectifying names already in the system to the newly established convention; c) Utilizing the worker's legal name, possibly ascertained by viewing a driver's license or other legal document.

**ROV Response:** ROV agrees to consider these recommendations. In addition to the proposed possible solutions, ROV will also explore additional alternative solutions such as referencing volunteer records against voter records, which would improve uniformity. Additionally, ROV believes that implementing Recommendation 6.2 will also help in this matter.

**Recommendation OO5:** The ROV should review this practice with County Counsel for appropriateness.

**ROV Response:** ROV agrees with the recommendation to review the practice of allowing election volunteers to donate their stipends, which provides a strong incentive for many of our volunteers and is a valued recruitment tool.

**Recommendation OO6:** The ROV should review this practice with County Counsel for appropriateness.

**ROV Response:** ROV agrees with the recommendation to review the practice of allowing election volunteers to donate their stipends, which provides a strong incentive

for many of our partner organizations who make available their membership and supporters as volunteers.

**Recommendation 007:** The ROV should reaffirm this practice by confirming with the Board of Supervisors.

**ROV Response:** ROV agrees to consider the recommendation and investigate if further Board action is necessary to continue the current County Employee Election Officer Program.

**Recommendation 008:** The ROV should consider automating some of the processes. For example the ROV should consider using Excel or data analysis tools to perform data reviews/validations and/or automated timekeeping tools for recording time. We understand the department is considering purchasing an updated system and encourage this effort.

**ROV Response:** ROV agrees with the recommendation. ROV has requested and received funding from the Board for systems that include these capabilities and is currently in progress on the procurement of these tools.

**Recommendation 009:** The ROV should study its filing and record storage processes to ensure that documents are retained and available for business purposes.

**ROV Response:** ROV agrees with the recommendation.

# County of Santa Clara

Finance Agency  
Controller-Treasurer



County Government Center  
70 West Hedding Street, East Wing 2<sup>nd</sup> floor  
San Jose, California 95110-1705  
(408) 299-5206 FAX 289-8629

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DATE: December 30, 2016  
TO: Rebecca Haggerty, Internal Audit Manager  
FROM: George P. Doorley, Assistant Controller-Treasurer   
SUBJECT: **Response to Audit of FY14 ROV Election Payments' Internal Controls**

Thank you for the opportunity to review and respond to the Internal Audit Division's (IAD) Audit of the Fiscal Year 2014 Registrar of Voters (ROV) Interface Payments' Internal Controls. While the focus of the audit was on practices within ROV, one recommendation (5.1) was directed to the Controller-Treasurer Department. We agree with the recommendation and provide our formal response below.

**Recommendation 5.1** The Controller-Treasurer Department should review published policies related to reissuance of warrants to ensure intended time frames and interfaced payments processes are included.  
(Priority 3) [Expected 3/31/17]

**Response** The Controller-Treasurer Department will review our policy on reissuance of warrants to ensure time frames and interfaced payments processes are clearly stated.

The Controller-Treasurer Department will provide a report to IAD by the requested date of March 31, 2017 detailing how the recommendation is implemented.

We appreciate the efforts and good work of the Internal Audit Division on this project and believe they will assist County operations by improving internal control procedures.