



Orange County Auditor-Controller Internal Audit



Internal Control Audit:
Countywide Audit of
County Business Travel and Meeting Policy -
Registrar of Voters

For the Fiscal Year Ended
June 30, 2017

Audit Number 1626-F
Report Date: December 5, 2017



O R A N G E C O U N T Y
AUDITOR-CONTROLLER
I N T E R N A L A U D I T

Eric H. Woolery, CPA
Orange County Auditor-Controller

Toni Smart, CPA	Director, Internal Audit
Scott Suzuki, CPA, CIA, CISA	Assistant Director
Michael Dean, CPA, CIA, CISA	Audit Manager II
Gianne Acosta	Senior Auditor
Monica McCoy	Auditor I

Special Assistance Provided by:

Jimmy Nguyen, CISA, CFE	IT Audit Manager II
Scott Kim, CPA	IT Audit Manager I

12 Civic Center Plaza, Room 200
Santa Ana, CA 92701

Auditor-Controller Web Site
www.ac.ocgov.com



ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1626-F

December 5, 2017

TO: Neal Kelley
Registrar of Voters

SUBJECT: Internal Control Audit:
Countywide Audit of County Business Travel and Meeting Policy –
Registrar of Voters

We have completed our audit of internal control of Registrar of Voters' (ROV) expenditures governed by the County Business Travel and Meeting Policy for the fiscal year ended June 30, 2017. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS) detailing any critical and significant audit findings released in reports during the prior quarter and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the AOC and BOS.

Additionally, we will request your department to complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

A handwritten signature in blue ink that reads "Eric H. Woolery".

Eric H. Woolery, CPA
Auditor-Controller

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Kimberly Golden, Administrative Manager, ROV
- Mylinh Tu, Staff Specialist, ROV
- Jennifer Martinez, Senior Accounting Assistant, ROV
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



Table of Contents

*Internal Control Audit:
Countywide Audit of County Business Travel and Meeting Policy –
Registrar of Voters
Audit No. 1626-F*

For the Fiscal Year Ended June 30, 2017

Transmittal Letter	i
Internal Auditor's Report	
OBJECTIVES	1
RESULTS	1
BACKGROUND	2
SCOPE AND METHODOLOGY	3
FOLLOW-UP PROCESS	3
MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL	4
Detailed Findings, Recommendations, and Management Responses	
Business Process and Internal Control Strengths	5
Finding No. 1 – No Policy and Procedures For Business Travel and Meeting Administration (Control Finding)	5
Finding No. 2 – Inadequate Duties Segregation for the Revolving Cash Fund (Control Finding)	6
Finding No. 3 – Cal-Card Single Purchase Limit Exceeded for Purchase of Items Under Existing Contract (Control Finding)	6
Finding No. 4 – Business Meeting Policy Certification Form Not Used (Control Finding)	7
Finding No. 5 – Incorrect Cal-Card Type Selected for Certain Purchases (Control Finding)	7
Finding No. 6 – Supporting Documentation Not Canceled (Control Finding)	8
ATTACHMENT A: Report Item Classifications	9
ATTACHMENT B: Registrar of Voters Management Response	10



Internal Auditor's Report

Audit No. 1626-F

December 5, 2017

TO: Neal Kelley
Registrar of Voters

FROM: Eric H. Woolery, CPA
Auditor-Controller

SUBJECT: Internal Control Audit:
Countywide Audit of County Business Travel and Meeting Policy –
Registrar of Voters

OBJECTIVES

As part of a Countywide Audit of the County Business Travel and Meeting Policy, we have completed our audit of internal controls of Registrar of Voters' (ROV) expenditures governed by the County Business Travel and Meeting Policy for the fiscal year ended June 30, 2017. We performed this audit in accordance with the FY 2016-17 Audit Plan and Risk Assessment approved by the Audit Oversight Committee (AOC) and Board of Supervisors (BOS), to assist management in evaluating and enhancing internal controls and the effectiveness and efficiency of the selected areas under audit. Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board. Our audit objectives were to:

1. Evaluate operational effectiveness of internal control for expenditures governed by the County Business Travel and Meeting Policy (Travel Policy) to ensure expenditures are complete, accurate, and valid.
2. Determine whether expenditures are made in compliance with the County policy.
3. Review travel and meeting expenditure business processes for efficiency improvement.

RESULTS

Objective No. 1			
We found that internal control is generally effective to ensure that expenditures governed by the Travel Policy are complete, accurate, and valid; however, we noted the following:	Two (2) Control Findings	No policies and procedures for business travel and meeting administration	Finding No. 1
		Inadequate duties segregation for revolving cash funds	Finding No. 2



Internal Auditor’s Report

RESULTS (CON’T)

Objective No. 2

We found that expenditures are generally made in compliance with County policy; however, we noted the following:

Four (4) Control Findings

Cal-Card single purchase limit exceeded for purchase of items under existing contract

Finding No. 3

Business Meeting Policy Certification form not used

Finding No. 4

Incorrect Cal-Card type selected for certain transactions

Finding No. 5

Supporting documentation not canceled

Finding No. 6

Objective No. 3

We found that business processes are generally efficient as related to the process of incurring travel and meeting expenditures.

BACKGROUND

ROV’s mission is “to provide election services for the citizens of Orange County to ensure equal access to the election process, protect the integrity of votes, and maintain a transparent, accurate and fair process.”

ROV is responsible for conducting elections in the County of Orange, the fifth largest jurisdiction in the United States with 1.6 million registered voters. ROV receives funding from the County’s General Fund and periodic reimbursement from the federal government, the State of California, and local jurisdictions.

ROV staff includes 49 full-time staff, numerous Election Aides (temporary and part-time staff), and thousands of volunteers representing the broad spectrum of Orange County’s population. The office has conducted more elections in a short period than at any other time since the County was established in 1889. ROV is responsible for all components of election management, including voter registration, poll worker and polling place recruitment, ballot creation, voting system security, ballot processing and vote tallying, community outreach and education, and candidate services such as candidate filing and campaign finance.

County Business Travel and Meeting Policy

On January 26, 2016, the BOS approved Resolution 16-010, the “County Business Travel and Meeting Policy” to ensure the County’s resources are spent in a manner that maximizes and provides full accountability of those resources, and provides for reasonable and equitable reimbursement of expenses incurred by individuals while on County business travel.

Payment/Reimbursement Methods

Business travel and meeting expenditures are made and claimed through a variety of payment types:

- **Revolving Cash Fund/Petty Cash** – Expenditures paid by cash or check for supplies, travel, and certain services.



Internal Auditor's Report

- **Revolving Cash Fund/Travel Cash Advances** – Cash advances made prior to travel and for reimbursement of incurred travel expenses.
- **Mileage & Other Expenses Claims** – Employee incurs travel costs, submits reimbursement claim, and is reimbursed through payroll.
- **County Cal-Cards** – Credit card transactions using department funds for business related purchases.
- **Procurement & Contracted Services** – Contract with travel company for department travel needs.

Accounting for County Business Travel and Meeting Expenditures

These expenditures are recorded in various object codes in the County's General Ledger. The object code, title, and amount recorded for the fiscal year ended June 30, 2017 are listed below:

Object Code	Title	Total Expenditures
2600	Transportation and Travel – General	\$4,750
2601	Private Auto Mileage	26,443
2700	Transportation and Travel – Mtgs & Conferences	15,108
0900	Food (used for business meetings)	8,319
TOTAL		\$54,620

Source: CAPS+ Data Warehouse

Prior Audit Activity

We have not issued any audit reports for ROV with a similar scope within the last ten years.

SCOPE AND METHODOLOGY

Our audit scope was limited to internal controls over Travel Policy expenditures for the fiscal year ended June 30, 2017. Our methodology included inquiry, observation, examination of documentation, and testing of relevant transactions. In addition, we performed various computer-assisted audit techniques (CAATs) with travel card data obtained from the County's Cal-Card Vendor, US Bank, to identify: (1) potential duplicate payments, (2) potential inappropriate payments (e.g., weekend or holiday transactions), (3) employee/cardholder matches, and (4) exceeded purchase limits.

Scope Exclusions

Our audit scope did not include a review of controls over the OC Expediter system.

FOLLOW-UP PROCESS

Please note we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the AOC and the BOS. Our **First Follow-Up Audit** will generally begin at six months from the official release of the report. A copy of all our Follow-Up Audit reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution list.



Internal Auditor's Report

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **Second Follow-Up Audit** will generally begin at six months from the release of the first Follow-Up Audit report, by which time **all** audit recommendations are expected to be addressed and implemented. We bring to the AOC's attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. Such open issues will appear on the AOC agenda at their next scheduled meeting for discussion.

We have attached a **Follow-Up Audit Report Form**. Your department should complete this template as our audit recommendations are implemented. When we perform our first Follow-Up Audit approximately six months from the date of this report, we will need to obtain the completed form to facilitate our review.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL

In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls." Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating an entity's internal control structure are the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our Internal Control Audit enhances and complements, but does not substitute for the Registrar of Voters' continuing emphasis on control activities and self-assessment of control risks.

Inherent Limitations in Any System of Internal Control

Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the Registrar of Voters' operating procedures, accounting practices, and compliance with County policy.

The Auditor-Controller Internal Audit Division is available to partner with your staff so that they can successfully implement or mitigate difficult audit recommendations.

ACKNOWLEDGEMENT

We appreciate the courtesy extended to us by the personnel at Registrar of Voters during our audit. If you have any questions regarding our audit, please contact Scott Suzuki, Assistant Director, at (714) 834-5509.



Detailed Findings, Recommendations, and Management Responses

Business Process and Internal Control Strengths

Business process and internal control strengths noted during our audit include:

- ✓ All ROV Cal-Cards have pre-set single purchase and 30-day purchase limits.
- ✓ Travel expenditures are approved via requisition before an expenditure is made.
- ✓ Practices exist to obtain approval of travel and reimbursement of related expenditures. Expenditures for business meeting meals are pre-approved by the department head.
- ✓ ROV maintains a log of all Cal-Card charges and reviews the log when processing Cal-Card claims. This helps prevent duplicate payments from occurring.
- ✓ Travel per diem rates are verified against GSA rates by date and location.
- ✓ ROV maintains internal records documenting County business travel and related expenses.

The following areas are where we believe business travel and meeting expenditure processes and controls should be enhanced:

Finding No. 1 – No Policy and Procedures For Business Travel and Meeting Administration (Control Finding)

ROV does not have detailed internal policy and procedures describing the steps to be taken for processing business travel and meeting expenditures.

Not having departmental policy and procedures could result in inconsistent processing of business travel and meeting transactions or departmental management directives not being followed.

ROV follows pertinent County policies, such as the Travel Policy, revolving fund policies and procedures established by the Auditor-Controller in the County Accounting Manual (CAM), Cal-Card Policies and Procedures, and the Contract Policy Manual; however, these policies are general and do not list all the specific steps for staff to take when incurring and processing travel expenditures.

CAM S-2 Internal Control Systems states, “all departments/agencies should have an established system of policies and procedures to be followed in the performance of duties and functions.”

Recommendation No. 1:

We recommend Registrar of Voters develop detailed policies and procedures regarding business travel and meeting expenditures.

Registrar of Voters Management Response:

We concur with this recommendation. While we have detailed Policies and Procedures in place department wide, including a Travel and Meeting Policy, we acknowledge that the policy mirrored the countywide policy. We have since added an agency specific policy defining the authorization process. This has been completed as of 11/1/2017.



Detailed Findings, Recommendations, and Management Responses

Finding No. 2 – Inadequate Duties Segregation for the Revolving Cash Fund (Control Finding)

For two of three revolving fund transactions tested, the person who approved the Revolving Fund Voucher was the same person who signed the check.

Failure to segregate the duties of voucher approval and check signing increases the risk of undetected inappropriate payments being made.

CAM C-7 Revolving Cash Funds, Section 2.2.1 states, “purchases or cash advances from the revolving cash fund must be approved by an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties.”

Recommendation No. 2:

We recommend Registrar of Voters ensure revolving fund purchases are approved by an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties.

Registrar of Voters Management Response:

We concur with this recommendation. The Registrar of Voters has identified staff specific to the requirements outlined in CAM C-7 Revolving Cash Funds, Section 2.2.1. This will remove the possibility that the same person signing the fund voucher would also be the check signer. This assignment of duties was confirmed with staff and this has been completed as of 11/2/2017.

Finding No. 3 – Cal-Card Single Purchase Limit Exceeded for Purchase of Items Under Existing Contract (Control Finding)

Five purchases totaling \$15,000 were made in the same day from the same vendor exceeding the departmental Cal-Card single purchase limit. Furthermore, there was an existing contract with the vendor; however, a Cal-Card was used for the purchases in lieu of a purchase order.

Not adhering to single-purchase limits increases the risk of unauthorized or inappropriate expenditures.

This purchase was made with a rental car company for the pick-up and drop-off of election related equipment.

The Cal-Card Policy and Procedures establish a \$10,000 single purchase limit for travel cards and states each “cardholder shall not split purchases in order to circumvent purchasing policies.” It further states “County purchase policies, as delineated in the Contract Policy Manual, may not be circumvented when using a Cal-Card. For example, if the dollar amount of a purchase requires the purchaser to get two verbal price quotes, the Cardholder must do so before making the purchase and must document the quotes received.” Commodities contracts between \$10,001 and \$25,000 require a minimum of two oral solicitations.

Recommendation No. 3:

We recommend Registrar of Voters ensure single purchase limits are not exceeded and that Cal-Cards are not used to purchase items under existing contract.



Detailed Findings, Recommendations, and Management Responses

Registrar of Voters Management Response:

We concur with this recommendation. Although the California Elections Code provides provisions to waive purchasing rules due to the nature and speed of election operations, this is an area that we have worked to modify for future urgent election logistics rentals. Staff will ensure that all Cal Card charges will be in compliance with current County Policy. Initial policy review with staff has been conducted and this has been completed as of 9/8/17.

Finding No. 4 – Business Meeting Policy Certification Form Not Used (Control Finding)

ROV did not complete a Business Meeting Policy Certification form for 32 of 38 (84%) meeting meal expenditures tested.

The 38 meeting meals tested totaled approximately \$7,230. The 32 meeting meals without the completed business meeting policy certification form totaled approximately \$7,036; however, these expenditures appeared appropriate and properly approved.

Failure to obtain approved Business Meeting Policy Certification forms increases the risk of inappropriate or unapproved purchases being made.

The Cal-Card Policy and Procedures, Section 4.6.5.9.e states travel card payment packets must include “Auditor-Controller’s Business Meeting Policy Certification form, with supporting documentation attached.”

Recommendation No. 4:

We recommend Registrar of Voters ensure a Business Meeting Policy Certification form is completed and approved for all business meeting expenditures.

Registrar of Voters Management Response:

We concur with this recommendation. Initially there was a clerical misunderstanding of the application and timing of these forms, as identified by the travel audit. This has since been resolved with the issuance of departmental policy on Expeditors for meals, snacks and promotional items. This has been completed as of 6/25/17.

Finding No. 5 – Incorrect Cal-Card Type Selected for Certain Purchases (Control Finding)

We found a P-Card was used to purchase three business meeting meals and a Travel Card was used to purchase a non-travel related item.

Not using the proper payment method will make it difficult for management to monitor the different types (travel and food vs. non-travel) of transactions against the respective compliance requirements.

The Cal-Card Policy and Procedures, Section 3.4 states, “P-cards shall not be used for any food or travel related purchases.” Section 1.3 states Travel cards are “only used for the purpose of making travel related charges on behalf of their department, as well as, all food related purchases for both travel and on-site County business.”



Detailed Findings, Recommendations, and Management Responses

Recommendation No. 5:

We recommend Registrar of Voters ensure each Cal-Card type is only used for authorized purposes.

Registrar of Voters Management Response:

We concur with this recommendation. This was an oversight when issuing the physical card to the purchasing employee. Staff has been counseled on the importance of correctly issuing Cal vs. Travel Cards. This has been completed as of 9/18/17.

Finding No. 6 – Supporting Documentation Not Canceled (Control Finding)

Supporting documentation for travel expenditures was not properly canceled (marked as “paid”).

Failure to cancel supporting documentation increases the risk of duplicate payments occurring as the original invoice could be submitted more than once.

Recommendation No. 6:

We recommend Registrar of Voters ensure supporting documentation for travel expenditures is properly canceled (marked as “paid”).

Registrar of Voters Management Response:

We concur with this recommendation. Two “paid” stamps have been requisitioned to ensure that all revolving fund and travel expenditure back-ups are canceled at the time of payment processing. This has been completed as of 11/2/2017.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT A: Report Item Classifications

For purposes of reporting our audit findings and recommendations, we will classify audit report items into three distinct categories:

Critical Control Weaknesses	Significant Control Weaknesses	Control Findings
<p>These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.</p>	<p>These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.</p>	<p>These are audit findings concerning the effectiveness of internal control, compliance issues, or efficiency issues that require management's corrective action to implement or enhance processes and internal control. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.</p>



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: Registrar of Voters Management Response



REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
TDD (714) 567-7608
FAX (714) 567-7627
www.ocvote.com

NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

November 8, 2017

To: Toni Smart, CPA
Director of Internal Audit

Subject: Response – Internal Control Audit
Countywide Audit of County Business Travel and Meeting Policy –
Registrar of Voters

The Registrar of Voters (ROV) has completed our review of the audit of internal controls dated September 14, 2017, Audit No. 1626-F, in which expenditures governed by the County Business Travel and Meeting Policy for fiscal year ending June 30, 2017 were evaluated. Attached you will find our submission of responses to each of the six identified areas. In each instance ROV has concurred with the findings and recommendations presented. This response is being submitted with the concurrence of CEO/COO, as indicated by Lala Ragen on November 3, 2017 via email communication.

As the Registrar of Voters, my staff and I are committed to providing election services for the citizens of Orange County that ensure equal access to the election process, protects the integrity of votes and maintains a transparent, accurate and fair process. We believe that this mission statement is most effective when all policies and procedures are in place, and are maximizing the efficiencies and controls they are designed to facilitate. We thank you, and your staff for your time and guidance in this process and look forward to additional collaboration in the future.

Sincerely,

Neal Kelley
Registrar of Voters

Attachment

Cc: Kimberly Golden, Administrative Manager, ROV



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: Registrar of Voters Management Response

ATTACHMENT B: Registrar of Voters Management Response Finding No. 1 – No Policy and Procedures For Business Travel and Meeting Administration (Control Finding)

ROV does not have detailed internal policy and procedures describing the steps to be taken for processing business travel and meeting expenditures.

Not having departmental policy and procedures could result in inconsistent processing of business travel and meeting transactions or departmental management directives not being followed.

ROV follows pertinent County policies, such as the County Business Travel and Meeting Policy, revolving fund policies and procedures established by the Auditor-Controller in the County Accounting Manual (CAM), CAL-Card Policies and Procedures, and the Contract Policy Manual; however, these policies are general and do not list all the specific steps for staff to take when incurring and processing travel expenditures.

CAM S-2 Internal Control Systems states, "all departments/agencies should have an established system of policies and procedures to be followed in the performance of duties and functions."

Recommendation No. 1:

We recommend Registrar of Voters develop detailed policies and procedures regarding business travel and meeting expenditures.

Registrar of Voters Management Response:

We concur with this recommendation. While we have detailed Policies and Procedures in place department wide, including a Travel and Meeting Policy, we acknowledge that the policy mirrored the countywide policy. We have since added an agency specific policy defining the authorization process. This has been completed as of 11/1/2017.

Finding No. 2 – Inadequate Duties Segregation for the Revolving Cash Fund (Control Finding)

For two of three revolving fund transactions tested, the person who approved the Revolving Fund Voucher was the same person who signed the check.

Failure to segregate the duties of voucher approval and check signing increases the risk of undetected inappropriate payments being made.

CAM C-7 Revolving Cash Funds, Section 2.2.1 states, "purchases or cash advances from the revolving cash fund must be approved by an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties."

Recommendation No. 2:

We recommend Registrar of Voters ensure revolving fund purchases are approved by an authorized person who does not have revolving fund custodian, check signer, or reconciliation duties.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: Registrar of Voters Management Response

Registrar of Voters Management Response:

We concur with this recommendation. The Registrar of Voters has identified staff specific to the requirements outlined in CAM C-7 Revolving Cash Funds, Section 2.2.1. This will remove the possibility that the same person signing the fund voucher would also be the check signer. This assignment of duties was confirmed with staff and this has been completed as of 11/2/2017.

Finding No. 3 – CAL-Card Single Purchase Limit Exceeded for Purchase of Items Under Existing Contract (Control Finding)

Five purchases totaling \$15,000 were made in the same day from the same vendor exceeding the departmental CAL-Card single purchase limit. Furthermore, there was an existing contract with the vendor; however, a CAL-Card was used for the purchases in lieu of a purchase order.

Not adhering to single-purchase limits increases the risk of unauthorized or inappropriate expenditures.

This purchase was made with a rental car company for the pick-up and drop-off of election related equipment.

The CAL-Card Policies and Procedures establish a \$10,000 single purchase limit for travel cards and states each "cardholder shall not split purchases in order to circumvent purchasing policies". It further states "County purchase policies, as delineated in the Contract Policy Manual, may not be circumvented when using a Cal Card. For example, if the dollar amount of a purchase requires the purchaser to get two verbal price quotes, the Cardholder must do so before making the purchase and must document the quotes received." Commodities contracts between \$10,001 and \$25,000 require a minimum of two oral solicitations.

Recommendation No. 3:

We recommend Registrar of Voters ensure single purchase limits are not exceeded and that CAL-Cards are not used to purchase items under existing contract.

Registrar of Voters Management Response:

We concur with this recommendation. Although the California Elections Code provides provisions to waive purchasing rules due to the nature and speed of election operations, this is an area that we have worked to modify for future urgent election logistics rentals. Staff will ensure that all CAL Card charges will be in compliance with current County Policy. Initial policy review with staff has been conducted and this has been completed as of 9/18/17.

Finding No. 4 – Business Meeting Policy Certification Form Not Used (Control Finding)

ROV did not complete a Business Meeting Policy Certification form for 32 of 38 (84%) meeting meal expenditures tested.

The 38 meeting meals tested totaled approximately \$7,230. The 32 meeting meals without the completed business meeting policy certification form totaled approximately \$7,036; however, these expenditures appeared appropriate and properly approved.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: Registrar of Voters Management Response

Failure to obtain approved Business Meeting Policy Certification forms increases the risk of inappropriate or unapproved purchases being made.

Travel Policy section 4.5.9.e states travel card payment packets must include "Auditor-Controller's Business Meeting Policy Certification form, with supporting documentation attached."

Recommendation No. 4:

We recommend Registrar of Voters ensure a Business Meeting Policy Certification form is completed and approved for all business meeting expenditures.

Registrar of Voters Management Response:

We concur with this recommendation. Initially there was a clerical misunderstanding of the application and timing of these forms, as identified by the travel audit. This has since been resolved with the issuance of departmental policy on Expeditors for meals, snacks and promotional items. This has been completed as of 6/25/17.

Finding No. 5 – Incorrect CAL-Card Type Selected for Certain Purchases (Control Finding)

We found a P-Card was used to purchase three business meeting meals and a T-Card was used to purchase a non-travel related item.

Not using the proper payment method will make it difficult for management to monitor the different types (travel and food vs. non-travel) of transactions against the respective compliance requirements.

The CAL-Card Policy and Procedures, Section 3.4 states, "P-cards shall not be used for any food or travel related purchases." Section 1.3 states T-cards are "only used for the purpose of making travel related charges on behalf of their department, as well as, all food related purchases for both travel and on-site County business."

Recommendation No. 5:

We recommend Registrar of Voters ensure each CAL-Card type is only used for authorized purposes.

Registrar of Voters Management Response:

We concur with this recommendation. This was an oversight when issuing the physical card to the purchasing employee. Staff has been counseled on the importance of correctly issuing CAL vs. Travel Cards. This has been completed as of 9/18/17.

Finding No. 6 – Supporting Documentation Not Canceled (Control Finding)

Supporting documentation for travel expenditures was not properly canceled (marked as "paid").

Failure to cancel supporting documentation increases the risk of duplicate payments occurring as the original invoice could be submitted more than once.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: Registrar of Voters Management Response

Recommendation No. 6:

We recommend Registrar of Voters ensure supporting documentation for travel expenditures is properly canceled (marked as "paid").

Registrar of Voters Management Response:

We concur with this recommendation. Two "paid" stamps have been requisitioned to ensure that all revolving fund and travel expenditure back-ups are canceled at the time of payment processing. This has been completed as of 11/2/2017.