



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Board of Elections
Elections Process
Report 1476

April 9, 2015

**Internal Audit's
Mission**

Through open communication, professionalism, expertise, and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control, and governance processes in the delivery of services.

Internal Audit Contacts

Joanne Prakapas, CPA/CFF, CIA, CRMA, CFE, Audit Director
(980) 314-2889 or joanne.prakapas@mecklenburgcountync.gov

Christopher Waddell, CIA, CRMA, Audit Manager
(980) 314-2888 or christopher.waddell@mecklenburgcountync.gov

**Staff
Acknowledgements**

Eric Davis, CIA, CISA, CRMA, Auditor-In-Charge
Gewreka Robertson, Internal Auditor

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY

To: Michael Dickerson, Director, Board of Elections

From: Joanne Prakapas, Director, Department of Internal Audit

Date: April 9, 2015

Subject: Elections Process Report 1476

The Department of Internal Audit has completed its audit of the elections process to determine whether internal controls effectively manage key business risks inherent to the activity. Internal Audit interviewed key personnel; reviewed and evaluated policies, procedures, and other documents; and tested various activities for elections occurring from July 1, 2011 through June 30, 2014. The audit scope did not include voter registration.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

OVERALL EVALUATION

Overall, key risks inherent to the elections process were managed to an acceptable level; however, opportunities exist to improve the design and operation of some control activities.

RISK OBSERVATION SUMMARY

The table below summarizes the risk observations identified during the course of the audit, grouped by the associated risk factor and defined in Appendix A. The criticality or significance of each risk factor, as well as Internal Audit’s assessment of the design and operation of key controls to effectively mitigate the risks, are indicated by the color codes described in Appendix B.

RISK OBSERVATION SUMMARY			
Risk Factors and Observations	Criticality	Design	Operation
1. Policies and Procedures Risk	●	●	●
1.1 Formal Documentation			
2. Compliance Risk	●	●	●
2.1 Candidate Nicknames			
2.2 Records Retention			
2.3 Voting Equipment Custody Exchanges			
2.4 Incident Reports			
2.5 Reconciliations			
2.6 Pollbook Maintenance			
3. Segregation of Duties Risk	●	●	●
3.1 Voting Equipment Testing			
4. Human Resources Risk	●	●	●
No risk observations noted			

The risk observations and management’s risk mitigation strategies are discussed in detail in the attached document. Internal Audit will conduct a follow-up review at a later date to verify management’s action plans have been implemented and are working as expected.

We appreciate the cooperation you and your staff provided during this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

- c: County Manager
- Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee

BACKGROUND

The County Board of Elections Department (the Department) is responsible for conducting all elections held within Mecklenburg County. The Department also administers federal and state election laws and guidelines, including North Carolina General Statute Chapter 163 (Elections and Election Laws), North Carolina Administrative Code Title Eight, and the State Board of Elections Precinct Uniformity Project guidelines.

The Department has four units to support election activities. Voter Registration registers voters, maintains voter lists, and assigns voting precincts. Public Information provides information to the public and candidates running for office, qualifies candidates, monitors campaign finance reports, and reports voting results to the public. Precinct operations staff assigns and organizes polling places, recruits and trains poll workers, opens and closes polling and early voting sites, assists votes on election day, tabulates electronic and paper ballots, and conducts other tasks. System operations staff supports systems and electronics, including programs and equipment used to record, tabulate, and report election information. Staff also prepares and tests voting equipment.

Elections

Elections occur each year in North Carolina. As depicted in Figure 1 below, the first election held during the year consists of a primary election where voters select a nominee to represent each political party or narrow the field of candidates who will compete in the election of non-partisan offices. A second primary may be held between the top two candidates if no candidate receives more than 40% of the vote. In addition, a general election is conducted to select candidates to serve in specific offices. Municipal elections include town and city offices, which are held during odd-numbered years. Elections held on even-numbered years include federal, state, and county offices. Elections sometime include ballot initiatives, which are proposed pieces of legislation voters can decide on, e.g., a bond referendum.

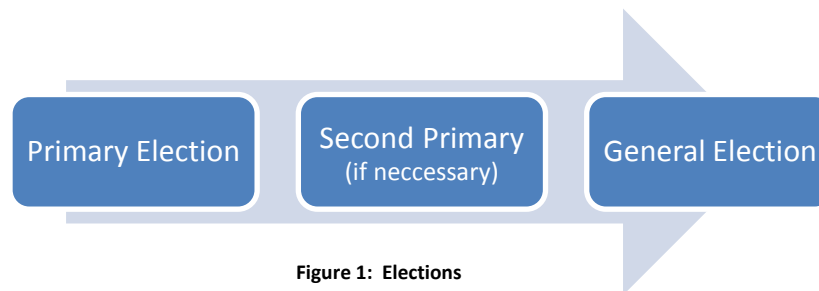


Figure 1: Elections

State and County Boards of Elections

The North Carolina State Board of Elections (the State Board) is the state agency charged with overall responsibility for administration of the elections process and campaign finance disclosure within the State. The State Board is composed of five members appointed by the Governor. The State's 100 county boards of elections conduct local elections under the oversight of the State Board and are subject to the policies set forth by them and their executive director.

The County Board of Elections (the County Board) is a three-person board appointed every two years by the State Board as required by North Carolina General Statute 163-30. No more than two members of the County Board can belong to the same political party.

The County Board holds open meetings at least monthly to set the policy for the Department, in compliance with election laws and directives from the State Board. The County Board also officially appoints poll workers, locates election day polling places, determines early voting sites, and hears challenges and election day protests. In addition, the County Board oversees the counting of mailed absentee and paper curbside ballots and decides if provisional ballots should be counted. The County Board also certifies the final vote counts and oversees the recount process if necessary.

Last, the County Board provides oversight over the Department and hires a director to manage day-to-day operations of the Department. The County Board receives city and county funding to assist with preparing, conducting, and administering elections.

Information Systems

The Statewide Elections Information Management System (SEIMS) is the statewide voter registration system that provides a central database containing voter registration information for each county's board of elections. It further serves as the single system for storing and managing the State Board of Elections' official list of registered voters.

The Unity Election System is a State system the Department uses to support election processes, including formatting and printing ballots, programming election equipment, and collecting and reporting election results.

Key Operations

Poll Workers—The Department recruits temporary staff or poll workers to perform election activities at early voting sites and polling locations during the early voting period and on election day. The Department trains poll workers prior to each primary or general election. Each polling location includes a chief judge and two partisan judges who provide supervision and polling place assistants who provide support for election activities. Poll workers are trained on their duties, such as opening and closing the polling location, authorizing voters, and operating voting panels, which are the electronic devices voters use to cast their votes.

Early Voting—Eligible voters may vote in person during a designated period before election day at one of the County's early voting sites. In addition, the Department will mail absentee ballots to an eligible voter who makes a request in writing during the absentee-by-mail voting period. The voter may return their completed ballot by mail or in person.

Election Site Activities—Department staff delivers voting equipment to each of the County's polling locations prior to the election. There are 195 polling locations during general elections and approximately 168 during odd-year City of Charlotte primaries. On the day before election day, poll workers set up voting equipment, assign duties, and ensure necessary voting materials are in place.

In addition, a Regional Precinct Coordinator (RPC) is assigned 9 to 15 polling locations and periodically visits the sites throughout the election day to assist the chief judges. The RPC also delivers supplies and the Personalized Electronic Ballots (PEBs), which are the voting panel activation devices specific to each precinct. The RPC visits are logged on RPC Precinct Visit Logs.

Pollbook—The pollbook, generated from data in SEIMS, is the official list of eligible voters in the County for each polling location and it is updated prior to each election. Department staff receives monthly and quarterly reports from the State Board and other state and federal sources of voters who have been convicted of a felony, are deceased, or have moved outside the County. Using this information, department staff determines whether a voter should be removed from the list of eligible voters in SEIMS and flags them in the system. Management reviews a sample of the flagged voters for accuracy prior to the State Board's review and removal of ineligible voters.

Prior to generating the final pollbooks for election day, department staff uploads into SEIMS the names of the early and absentee-by-mail voters. Department staff and management then perform a final review of the pollbooks for accuracy. The pollbooks are then sent to a third-party vendor for printing and department staff distributes them to each polling location.

Voting Process—During the early voting period and on election day, each voter must complete an Authorization to Vote (ATV) application that poll workers use to confirm the voter's information in the pollbook. If a voter's information cannot be confirmed in the pollbook, the voter is routed to the provisional/transfer station to update his or her information. Once the information is confirmed, the ATV application is the voter's authorization to cast his or her ballot.

Closing Process—After the polls close on election night, poll workers retrieve from the voting panels the PEBs and flash cards, which hold the election results data. They also retrieve the real time audit log from each voting panel, which documents votes cast on each panel, as well as the paper printouts containing the total votes from all voting panels. The judges prepare the necessary election documentation and a designated poll worker returns it and the PEBs and flash cards to the Elections Department.

Election Night Reporting—Once election day documentation, PEBs, flash cards, and voting panel results are received from all polling locations and aggregated with other voting totals, such as early voting, the totals are uploaded to the State Board's Unity Elections System.

Certification of Election Results—The County Board conducts a canvass to determine votes have been tabulated correctly and then certifies to the State Board the official election results. The official results are published on both the State Board and Department websites.

RISK OBSERVATIONS AND MITIGATION STRATEGIES

County Manager’s Overall Response

The County Manager concurs with all risk mitigation strategies and timeframes for implementation.

Risk Factor	Criticality	Design	Operation
1. Policies and Procedures Risk	●	●	●

Risk Observation

1.1 Formal Documentation—While current policies and procedures address department processes relative to election day voting activities, the Department does not have department-specific policies and procedures to reflect all significant compliance, management, and operational practices. Yet, policies and procedures are important control activities to help management ensure its directives are carried out while mitigating risks that may prevent the organization from achieving its objectives.

Activities impacted include but are not limited to:

- Early voting process
- Tabulation and reporting
- Ballot accuracy
- Audit and certification
- Election document retention requirements
- Pollbook list maintenance

Recommendation

1.1 Internal Audit recommends management develop formal, documented policies and procedures for all key election activities. The policies and procedures should include, at a minimum:

- Early voting process
- Tabulation and reporting
- Ballot accuracy
- Audit and certification
- Election document retention requirements
- Pollbook list maintenance

Management’s Risk Mitigation Strategy

1.1 Develop formal written procedures, including incorporating the various checklists we currently use for the successful completion of the election and incorporate the policies and procedures of the NC State Board of Elections Precinct Uniformity Program into a written document. Deadline is to complete in conjunction with this election cycle (end of this year).

Risk Factor	Criticality	Design	Operation
2. Compliance Risk	●	●	●

Risk Observations

- 2.1 Candidate Nicknames—Candidates who used a nickname on the ballot did not always complete a Certification of Affidavit of Nickname as required by North Carolina General Statute 163-106 to confirm they have been known by their nickname for at least five years. Four of 22 or 18% of candidates using nicknames on prior election ballots did not have an affidavit on file. As a result, there is a potential for voters to be confused about candidates listed on the ballot.
- 2.2 Records Retention—Voting equipment testing documentation was not maintained in compliance with the North Carolina Records Retention and Disposition Schedule, which requires testing records be retained for five years. Rather, the Department retained testing documentation on a 22-month schedule, which is the requirement for other types of election records.
- 2.3 Voting Equipment Custody Exchanges—Voting equipment custody exchanges were not always documented as required by the State Board chain of custody standards. The standards require the chief judge and partisan judges at each polling location to sign a voting equipment exchange form documenting the receipt of voting equipment delivered to their polling location. Yet, 17 of 59 or 29% of voting equipment exchange forms sampled were not signed by the judges to acknowledge receipt and accountability of the voting equipment.
- 2.4 Incident Reports—Reportable incidents that occurred at polling locations were not always reported on an Incident Report as required by State Board requirements. Examples of reportable incidents include a facility issue such as a polling location power outage or a ballot issue where the voter was given an incorrect ballot. A review of RPC Visit Logs disclosed eight reportable incidents of which only four were documented on an Incident Report. Yet, documenting reportable incidents provides information to help address similar issues in the future.
- 2.5 Reconciliations—Department staff reconciles Authorization to Vote (ATV) and early voting applications to votes cast on voting panels to verify vote totals are accurately reflected in election results. Staff reconciliations did not, however, include the preparer’s name and explanation of reconciling differences. Failure to document the preparer’s name decreases accountability. Further, the lack of explanation of reconciling items may increase the likelihood that errors, discrepancies, or irregularities will not be timely detected and corrected.
- 2.6 Pollbook Maintenance—While management monitored maintenance activities and preparation of the final pollbook, department staff did not consistently evidence key information, such as the name of the preparer and explanation of actions taken. Moreover, management review and approval of ongoing and final pollbook maintenance was not evidenced. As a result, management’s ability to ensure pollbook maintenance activities meet desired expectations and performance outcomes may be compromised.

Recommendations

- 2.1 Internal Audit recommends management obtain clarification of nicknames that do not require affidavits and ensure necessary candidate affidavits are obtained consistent with North Carolina General Statute 163-106.
- 2.2 Internal Audit recommends management retain voting equipment testing documentation for at least five years in compliance with the North Carolina Records Retention and Disposition Schedule.
- 2.3 Internal Audit recommends management re-emphasize to poll workers the importance of documenting custody exchanges. We also recommend management implement a review process to ensure custody exchanges are performed in accordance with standards promulgated by the State Board.
- 2.4 Internal Audit recommends management re-emphasize to poll workers the importance of using Incident Reports. We also recommend management implement a review process to ensure Incident Reports are completed in accordance with State Board requirements.
- 2.5 Internal Audit recommends management ensure the ATV and early voting reconciliation documentation includes the preparer's name and, if differences are noted, related explanations.
- 2.6 Internal Audit recommends management ensure staff consistently evidences key information such as preparer's name and explanation of actions taken when conducting maintenance activities. Further, management should document its review and approval of ongoing and final pollbook maintenance.

Management's Risk Mitigation Strategy

- 2.1 Staff will seek "nickname" clarification from the North Carolina State Board of Elections prior to the start of candidate filing in July, 2015 to determine what comprises a nickname (example: Bill or William).
- 2.2 Will advise the North Carolina State Board of Elections of the discrepancy in the North Carolina Records Retention and Disposition Schedule of retaining testing for 5 years when only required to keep the voting information for 2 years. Our office will maintain the testing for five years and will ask the State for guidance and clarification by the end of this year.
- 2.3 The staff will emphasize in training of precinct officials and regional precinct coordinators of the importance of maintaining signatures on all custody documents. Will re-emphasize with this year's training.
- 2.4 First step is for my staff to determine what is the definition of an incident and if an incident may be reported by the precinct official or by the regional precinct coordinator (RPC). If RPC files the incident, does the report have to be on the State prescribed form? Develop a consistent process by the end of this year.

- 2.5 The Electronic Voter iDentification (EViD) scan of election Authorization to Vote (ATV) forms on election day and Early voting site reconciliation form of votes cast on voting panels will be amended to add preparers name and comment for any comments, by the end of this year.
- 2.6 Management reviews the work of staff as a course of their normal operating procedure. Review of workflow is provided by monthly list maintenance reports generated by department manager. I believe the daily and monthly review of list maintenance will provide adequate support for justification of the daily duties of the Voter Administration staff and further review would be redundant.

Develop a documented procedure to incorporate our current checklists we use to verify the poll book produced by the Statewide Election Information Management System (SEIMS). Poll book review will consist of action and assignment and sign-off and management approval. Set goal is to complete in conjunction with this election cycle.

Risk Factor	Criticality	Design	Operation
3. Segregation of Duties Risk	●	●	●

Risk Observation

- 3.1 Voting Equipment Testing—Responsibilities of performing and reviewing voting equipment testing were not always properly separated. Six of 49 or 12% of documents sampled disclosed the same individual both conducted the equipment testing and reviewed the results. If a person independent of the testing activity does not review the test results, errors or equipment manipulation could go undetected.

Recommendation

- 3.1 Internal Audit recommends management have someone independent of testing activities be responsible for reviewing the test results. If that is not possible, management should implement appropriate compensating controls.

Management’s Risk Mitigation Strategy

- 3.1 The current process of testing of the voting panels and ballots incorporates a multi-tier approach. The ballot is developed by the Director and the Public Information Manager. The Mecklenburg County Board of Elections submits the ballot to the NC State Board of Elections for approval and after approval the ballot is handed over to the Precinct Operations Manager for actual programming. Before programming starts, an outside vendor produces a “test vote script” of each ballot for testing. Testing is performed by the Precinct Operations Team and is reviewed by the Director and is run through the State’s Election Night Reporting software to ensure the accuracy of reporting the results.




When the ballot is loaded on the voting panel and the logic and accuracy test is performed we will make certain the person performing this operation and the reviewer are two separate individuals. This will begin with this year’s ballot.

APPENDIX A—Risk Factor Definitions




Risk Factor	Definition
Policies and Procedures Risk	Policies and procedure that are non-existent, ineffective, unclear, or outdated may result in poorly executed processes and increased operating costs.
Compliance Risk	Lack of compliance with established policies, procedures, and/or statutory requirements may result in unacceptable performance that impacts financial, operational, or customer objectives.
Segregation of Duties Risk	Inadequate segregation of duties may allow individuals to carry out inappropriate activities without timely detection.
Human Resources Risk	Failure to attract, train, develop, deploy, and/or empower competent personnel may inhibit the organization's ability to execute, manage, and monitor key business activities.

APPENDIX B—Color Code Definitions

The criticality of a risk factor represents the level of potential exposure to the organization and/or to the achievement of process-level objectives before consideration of any controls in place (inherent risk).

Criticality	Significance and Priority of Action
	The inherent risk poses or could pose a significant level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take immediate action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a moderate level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take prompt action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a minimal level of exposure to the organization and/or to the achievement of process level objectives. Risk observations related to this risk factor, however, may provide opportunities to further reduce the risk to a more desirable level.

The assessment of the design and operation of key controls indicates Internal Audit’s judgment of the adequacy of the process and system design to mitigate risks to an acceptable level.

Assessment	Design of Key Controls	Operation of Key Controls
	The process and system design does not appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities is not consistently effective to manage the risk to an acceptable level.
	The process and system design appear to be adequate to manage the risk to an acceptable level. Failure to consistently perform key risk management activities may, however, result in some exposure even if other tasks are completed as designed.	The operation of the process’ risk management capabilities is only partially sufficient to manage the risk to an acceptable level.
	The process and system design appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities appears to be sufficient to manage the risk to an acceptable level.