



OFFICE OF THE COUNTY AUDITOR

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Hon. Jean Kaczmarek, County Clerk
DuPage County
Wheaton, Illinois 60187

Dear Jean,

On January 15, 2019, the DuPage County Board of Election Commissioners was dissolved and the functions of the Board of Elections consolidated into the County Clerk's Office. As a result of this action, my Office performed an internal audit of the fixed assets, computer-related equipment and voting equipment previously administered by the former Election Commission and subsequently assigned to the custody of the Election Division of the County Clerk's Office. In order to minimize the effects of the audit upon the operations of the Election Division, the audit procedures were not initiated until after the April 2, 2019 Consolidated Election results had been certified in June 2019.

The internal audit consisted of examining the internal controls and records for a sample of fixed assets and computer equipment as of November 30, 2018, and voting-related equipment as of April 26, 2019. It should be noted that the audit results reflect the records and internal controls as they existed under the administration of the Election Commission prior to the consolidation with the County Clerk's Office.

Results

Over 9,700 items were included in the inventory records of equipment assigned to the custody of the Election Commission. The County Auditor reviewed the inventory records and excluded a number of items from the sample population which were reported to be damaged, obsolete or inactive, considered low risk or deemed to have a low unit value. This process reduced the number of items included in the audit population to approximately 3,800, consisting of the following: 14 fixed assets; 76 computer-related items; and, 3,731 pieces of voting-related equipment. A statistical sample was chosen resulting in 384 items audited.

The internal audit identified the following exceptions:

- Five assets were located in the custody of the Election Commission which were not included on the Finance Department's fixed asset records.

- Three fixed assets had incorrect serial numbers according to the Finance Department's fixed asset records.
- Five fixed assets had incorrect or missing property control tags.
- The Election Commission did not maintain an inventory of the non-capitalized (under \$5,000) computer-related equipment in its custody.
- None of the 21 computers sampled from the inventory records compiled by the I.T. Department are assigned property control numbers and none displayed any form of County identification.
- The Election Commission's staff have good internal controls over the voting-related equipment located in the off-site warehouse and no material exceptions were found.

Objective

The County Auditor performed a series of internal audit procedures to evaluate the internal controls regarding the administration of fixed assets and computer equipment assumed by the County Clerk's Election Division upon the dissolution of the Board of Election Commissioners. The objectives of the audit included verifying that the items identified as being assigned to the custody of the Division were actually located within the Division, determining that the records accurately reported all assets previously under the Election Commission's administration and subsequently assumed by the Division and reviewing the internal controls related to the maintenance and operation of assets, computer, and voting-related equipment assigned to the Election Division.

Background / Audit Scope

In accordance with a system of properly designed internal controls, whenever there is a change in the management of a County office or department, the County Auditor typically performs an internal audit of the fixed assets and non-capital computer equipment assigned to that department. This audit report includes internal audit procedures performed on the capital assets and computer-related equipment as well as the voting-related equipment maintained at the Aurora warehouse by the Election Division.

The County's financial policy requires capitalizing property having an acquisition value of \$5,000 and above and maintaining an annual inventory of capital assets. The Finance Department is responsible for maintaining the records for the County's fixed assets. Periodically, property control (asset) tags are issued to departments by the Finance Department for tangible items such as equipment and vehicles.

Control over the acquisition and disposition of capital assets occurs through the accounts payable transaction process and fixed asset transfer/disposal forms used by the operating departments to notify the Finance Department of changes in an asset's location.

On an annual basis, the Finance Department requires the operating departments to confirm the physical existence of the assets assigned to the departments' custody by verifying the assets to the inventory report provided by the Finance Department. The departments are instructed to note any changes in the asset's location or description on the report and to return the

report to the Finance Department. When applicable, these notations are entered into the fixed asset record system and the fixed assets are updated accordingly.

The Board of Election Commissioners had the latitude to operate independently of the County's policies. Thus, the County's I.T. Department did not maintain the records of computer equipment as they normally would for a County department. In 2018, an inventory of the computer equipment in Election Commission was performed by the I.T. Department, however as a non-County department, the information was not included in the inventory system utilized by I.T.

The Election Commission did not maintain an inventory of computer equipment nor did they have a fixed asset policy or procedures to address the acquisition of assets and computer equipment, the use of vehicles, or the disposal of obsolete or non-working equipment.

Fourteen fixed assets representing 100% of the Division's fixed assets as recorded by the Finance Department were examined by the County Auditor. Fourteen pieces of computer equipment, representing approximately 20% of the Division's non-capitalized computer-related equipment as recorded by the 2018 inventory by the County's I.T. Department, were examined by the County Auditor. An additional seven items not included in the initial sample were selected from a visual examination to determine whether these items were properly accounted for.

In addition, 237 pieces of voting-related equipment, representing approximately 7% of the voting equipment recorded by the Election Commission's inventory records, were examined and 112 additional items were selected from a visual examination to determine whether these items were properly accounted for. The examination of voting equipment did not include 5,902 memory cards, printers, cases, or out of service items.

The internal audit procedures involved reviewing records, analyzing payment transaction reports for fixed asset acquisitions subsequent to the Finance Department's records, and interviewing personnel. Prior to the consolidation of the Election Commission into the County Clerk's Office, legal opinions issued by the Illinois Attorney General and the DuPage County State's Attorney precluded the County Auditor's Office from performing internal audits of the Election Commission.

Audit Findings and Recommendations

Fixed Assets

As part of the County's fixed asset records administered by the Finance Department, fixed assets are added to the records by purchases which flow through the accounts payable system. The Finance Department will remove items from the records upon being notified by the Division. The record maintained by the Finance Department is the one utilized by the County for financial reporting purposes.

The internal audit procedures discovered several inconsistencies between the Finance Department fixed asset records and the sampled fixed assets observed. A detailed listing of these exceptions will be provided to both the Division and the Finance Department under separate cover.

Assets Not In the Fixed Asset Records

There were 5 fixed assets observed during the audit procedures that were not included on the Fixed Asset Records including a lift truck with a purchase price in excess of \$28,000, a 2001 Chevy Suburban, and 3 automated storage cabinets. The acquisition cost for the vehicle and cabinets are not known as no records pertaining to the acquisition of these items could be located. It is recommended that the Division notify the Finance Department to have these 5 assets added to the fixed asset records with estimated values.

Property Control Tags

There were 3 sampled assets that were missing their property control tags and 2 assets that had the incorrect property control tag affixed. The Division should request replacement property control tags for the 5 assets from the Finance Department and affix them to the assets.

Fixed Asset Records

There were 3 sampled items that had an incorrect serial number in the fixed asset records maintained by the Finance Department. The Division should contact the Finance Department to correct and update the fixed asset records for these items. It is also recommended that Division staff carefully review the annual Fixed Asset affidavit listing and contact the Finance Department if any discrepancies or omissions are identified.

Non-Capitalized Computer Equipment

The computer inventory records were taken from an inventory performed in 2018 by the County's Information Technology Department. It was noted that none of the computer equipment maintained by the Election Commission are assigned property control numbers and no property control tags or other identifying labels are affixed to the equipment. The inventory records for the Election Commission included 93 items of which 24 were printers that were excluded from the audit. The records included servers, laptops, tablets, and desktop computers.

There are several internal control weaknesses associated with this system of tracking computer equipment including the lack of property control tags and labels identifying the equipment as the property of DuPage County. Further, the inability to track the location of all equipment, including those items which may be inactive, hinders the Division's ability to effectively manage distributed equipment.

It is recommended that Division staff meet with the County's I.T. Department to determine if the County could obtain licenses and user ID's for the Division's I.T. staff to utilize the new computer inventory tracking system that the County is currently implementing (Dude Solutions/Insight inventory system). The system provides a means to monitor the equipment's location as well as the capability to assign inventory numbers and add printers to the records. The I.T. Department could also provide information to the Division on sourcing property control tags to be placed on equipment. This will enable the Division to better track and manage its computer equipment inventory.

Computer Equipment Inventory Records

There were 4 items that had an incorrect serial number in the computer equipment inventory records prepared in 2018 by the County's I.T. Department. The Division should correct and update the computer inventory records for these items. It is also recommended that the Division prepare a list of all computer-related equipment in its custody and consider entering it into the new computer tracking system.

Voting-related Equipment

There were 5 ePollbooks that had been located in the wrong carrying case. It appears that some equipment had been placed in the wrong case by election workers at the polling place. All 5 items were found in other cases that had been assigned to the same polling places.

Summary of Recommendations

- The 5 fixed assets observed by the County Auditor at the Division which do not appear on the records should be added to the fixed asset system.
- The Finance Department should be contacted to provide 5 replacement property control tags.
- The fixed asset records should be updated to reflect the incorrect information noted on 3 sampled items.
- The Division's computer records should be updated to correct the serial numbers for 4 computers.
- The Election Division should prepare a list of all computer-related equipment and is encouraged to utilize the newly implemented computer equipment inventory system acquired by the County's Information Technology Department.
- Property control tags identifying the equipment as County property should be placed on the computer equipment. It is recommended that the tags be printed with an identification number that can be used with the inventory system to provide a means for the Election Division to maintain positive control over the items.
- It is recommended that the Division verify that the correct ePollbook and ePollbook printer are located in their assigned ePollbook case when the equipment is removed from the sealed cabinets 60 days following an election.
- It is recommended that the Division establish a fixed asset policy that addresses the disposal of obsolete and non-working equipment, vehicle use, and acquisition of computer-related equipment.

I would like to express my appreciation to the staff members of the County Clerk's Election Division, Finance Department, Transportation Department, and Information Technology Department for the assistance provided during this internal audit.

Sincerely,

OFFICE OF THE COUNTY AUDITOR



Bob Grogan, CPA, CFE
County Auditor

#19-61

cc: County Board

Sheryl Markay, Chief Policy and Program Officer

Joan Olson, Chief Communications Officer

Paul Rafac, Chief Financial and Administrative Officer

Donald Carlsen, Chief Information Officer