

# **NAPA COUNTY**

Audit Report

## **ABSENTEE BALLOTS PROGRAM**

Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994;  
and Chapter 1032, Statutes of 2002

*July 1, 2002, through June 30, 2006*



**JOHN CHIANG**  
California State Controller

December 2008



**JOHN CHIANG**  
**California State Controller**

December 19, 2008

The Honorable Brad Wagenknecht  
Chairman, Board of Supervisors  
Napa County  
1195 Third Street, Suite 310  
Napa, CA 94559

Dear Mr. Wagenknecht:

The State Controller's Office audited the costs claimed by Napa County for the legislatively mandated Absentee Ballot Program (Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032, Statutes of 2002) for the period of July 1, 2002, through June 30, 2006.

The county claimed \$633,729 for the mandated program. Our audit disclosed that allowable costs exceeded this amount. The State paid the county \$336,019. The State will pay allowable costs claimed that exceed the amount paid, totaling \$297,710, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/vb

cc: The Honorable Pamela Kindig  
Auditor-Controller, Napa County  
John Tuteur, Registrar of Voters  
Napa County  
Todd Jerue, Program Budget Manager  
Corrections and General Government  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Napa County for the legislatively mandated Absentee Ballot Program (Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032, Statutes of 2002) for the period of July 1, 2002, through June 30, 2006.

The county claimed \$633,729 for the mandated program. Our audit disclosed that allowable costs exceeded this amount. The State paid the county \$336,019. Allowable costs claimed exceed the amount paid by \$297,710.

## Background

Election Code section 3003 (added by Chapter 77, Statutes of 1978, and amended by Chapter 920, Statutes of 1994) requires absentee ballots to be available to any registered voter without conditions. Prior law required that absentee ballots be provided only when the voter met one of the following conditions: illness; absence from precinct on election day; physical handicap; conflicting religious commitments; or residence more than ten miles from the polling place.

Election Code section 3024 (added by Chapter 1032, Statutes of 2002, effective September 28, 2002) prohibits local agencies from fully or partially prorating their costs to school districts. Therefore, the law excludes school districts, county boards of education, and community college districts from claiming costs under the mandated Absentee Ballot Program when they do not administer their own elections. However, school districts that administer their own elections are eligible claimants on or after September 28, 2002.

On June 17, 1981, the Board of Control (now the Commission on State Mandates [CSM]) determined that Chapter 77, Statutes of 1978; Chapter 920, Statutes of 1994; and Chapter 1032, Statutes of 2002, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted parameters and guidelines on August 12, 1982, and last amended it on February 27, 2003. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

## Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Absentee Ballot Program for the period of July 1, 2002, through June 30, 2006.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those 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.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## **Conclusion**

Our audit disclosed compliance with the requirements outlined above. However, this report identified instances of understated costs described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Napa County claimed \$633,729 for costs of the Absentee Ballot Program. Our audit disclosed that allowable costs exceeded this amount. The State paid the county \$336,019. The State will pay allowable costs claimed that exceed the amount paid, totaling \$297,710, contingent upon available appropriations.

## **Views of Responsible Official**

We issued a draft audit report on September 24, 2008. John Tuteur, Registrar of Voters, responded by letter dated October 17, 2008 (Attachment), agreeing with the audit results. This final audit report includes the county's response.

## **Restricted Use**

This report is solely for the information and use of Napa County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

December 19, 2008

**Schedule 1—  
Summary of Program Costs  
July 1, 2002, through June 30, 2006**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits	\$ 44,994	\$ 44,994	\$ —	
Services and supplies	17,642	17,642	—	
Total direct costs	62,636	62,636	—	
Indirect costs	21,900	21,900	—	
Total direct and indirect costs	84,536	84,536	\$ —	
Number of absentee ballots cast	÷ 10,203	÷ 10,203		
Cost per absentee ballot cast	8.2854	8.2854		
Number of reimbursable absentee ballots	× 8,719	× 8,719	—	
Total program costs	\$ 72,240	72,240	\$ —	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 72,240		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits	\$ 104,556	\$ 104,556	\$ —	
Services and supplies	64,597	64,597	—	
Total direct costs	169,153	169,153	—	
Indirect costs	85,318	85,318	—	
Total direct and indirect costs	254,471	254,471	\$ —	
Number of absentee ballots cast	÷ 26,157	÷ 26,157		
Cost per absentee ballot cast	\$ 9.7286	\$ 9.7286		
Number of reimbursable absentee ballots	× 23,176	× 23,176	—	
Total program costs	\$ 225,470	225,470	\$ —	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 225,470		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries and benefits	\$ 70,846	\$ 78,396	\$ 7,550	Finding 1
Services and supplies	27,190	27,190	—	
Total direct costs	98,036	105,586	7,550	
Indirect costs	75,860	85,126	9,266	Finding 1
Total direct and indirect costs	173,896	190,712	\$ 16,816	
Number of absentee ballots cast	÷ 12,029	÷ 21,811	9,782	Finding 2
Cost per absentee ballot cast	\$ 14.4564	\$ 8.7438		
Number of reimbursable absentee ballots	× 10,138	× 19,920		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2004, through June 30, 2005 (continued)</u>				
Subtotal <sup>2</sup>	146,555	174,176	\$ 27,621	
Less allowable costs that exceed costs claimed <sup>3</sup>	—	(27,621)	(27,621)	
Total program costs	<u>\$ 146,555</u>	146,555	<u>\$ —</u>	
Less amount paid by the State		(146,555)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries and benefits	\$ 79,029	\$ 79,029	\$ —	
Services and supplies	49,145	49,145	—	
Total direct costs	128,174	128,174	—	
Indirect costs	76,034	76,034	—	
Total direct and indirect costs	204,208	204,208	\$ —	
Number of absentee ballots cast	÷ 31,114	÷ 31,114		
Cost per absentee ballot cast	6.5632	6.5632		
Number of reimbursable absentee ballots	× 28,868	× 28,868	—	
Total program costs <sup>2</sup>	<u>\$ 189,464</u>	189,464	<u>\$ —</u>	
Less amount paid by the State		(189,464)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2002, through June 30, 2005</u>				
Total cost of reimbursable absentee ballots	\$ 633,729	\$ 661,350	\$ 27,621	
Less allowable costs that exceed costs claimed	—	(27,621)	(27,621)	
Total program costs	<u>\$ 633,729</u>	633,729	<u>\$ —</u>	
Less amount paid by the State		(336,019)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 297,710</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Minor rounding adjustment variance occurred in the actual costs claimed column for fiscal year (FY) 2004-05 and in the actual costs claimed column and the allowable per audit column for FY 2005-06.

<sup>3</sup> Government Code section 17561 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline expired for FY 2004-05.

# Findings and Recommendations

**FINDING 1—  
Additional allowable  
salaries and benefits  
costs**

The county understated salaries and benefits costs by \$7,550 for fiscal year (FY) 2004-05. The related indirect costs total \$9,266.

The county reported inaccurate productive hourly rates because it did not use current employee payroll information to calculate the productive hourly rates. We calculated the productive hourly rates based on salary rates documented in the county’s payroll records.

The following table summarizes the additional allowable salaries and benefits costs and related indirect costs:

	Fiscal Year 2004-05
Salaries and benefits	\$ 7,550
Related indirect costs	<u>9,266</u>
Audit adjustment	<u>\$ 16,816</u>

The program’s parameters and guidelines state that the productive hourly rate is determined by calculating total wages and related benefits divided by productive hours.

Recommendation

We recommend that the county claim costs that are supported by appropriate source documentation.

County’s Response

The county agreed with the finding and recommendation.

**FINDING 2—  
Understated ballots  
cast**

The county understated absentee ballots cast by 9,782 for the FY 2004-05. The county claimed 12,029 absentee ballots cast. However, the certified results for the number of absentee ballots cast for the same period was 21,811.

The following table summarizes the understated ballots cast:

	Fiscal Year 2004-05
Allowable number of reimbursable ballots cast	21,811
Claimed number of reimbursable ballots cast	<u>(12,029)</u>
Audit adjustment	<u>9,782</u>

The parameters and guidelines specify that the county may be reimbursed based on the actual number of absentee ballots cast.



Recommendation

We recommend that the county ensure that Certified Ballots Cast reports from the Elections Division be used for future claims.

County's Response

The county agreed with the finding and recommendation.

**Attachment—  
County’s Response to  
Draft Audit Report**

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A Tradition of Stewardship  
A Commitment to Service

Assessor-Recorder-County Clerk  
Election Division

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JOHN TUTEUR  
REGISTRAR OF VOTERS

October 17, 2008

Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
Division of Audits  
California State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

RE: Absentee Ballots Program  
July 1, 2002, through June 30, 2006

Thank you for providing the County with the opportunity to comment on the findings in your draft audit report on the Absentee Ballot state mandated program. This letter provides you with a response to each of the draft audit findings outlined in the report received by Napa County on October 7, 2008.

Finding 1 - Additional allowable salaries and benefits

Napa County agrees with the finding that salaries and benefits were understated by \$7,550 for the audit period of fiscal year 2004-05. The County also agrees that the related indirect costs total is \$9,266. The county will implement the suggested recommendation to claim costs that are applicable to the mandated program and supported by appropriate source documentation. Napa County Election Division has implemented an enhancement to their time keeping system to improve tracking the hours spent on reimbursable activities. The Division is also implementing an automated process to calculate each employee's billable time, including direct and indirect costs, according to SB90 instructions.

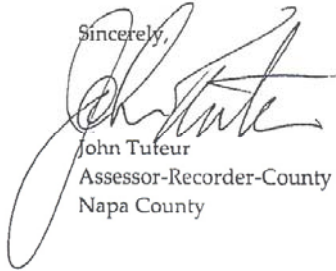
Finding 2 - Understated ballots cast

The County agrees with the finding that the number of absentee ballots cast for the audit period of fiscal year 2004-05 was understated by 9,782. The Napa County Election Division has documented the process for submitting information for the SB90 claim, including the audit recommendation to use the same counts of absentee ballots that are reported on the certified statement of results.

Additionally, county staff will work with its consultant to provide an appropriate review period prior to filing to ensure that costs claimed are accurate and compliant.

Thank you again for the opportunity for written comments in response to the Audit Report. If you have any questions, please contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Tuteur', written over the printed name.

John Tuteur  
Assessor-Recorder-County Clerk  
Napa County

Cc: Pamela A. Kindig  
Napa County Auditor-Controller

Karen Dotson-Querin  
Napa County Accountant-Auditor Manager

Karen Collins  
Napa County Senior Management Analyst

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