

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas State Board of Election Commissioners

For the Two-Year Period Ended June 30, 2021



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas State Board of Election Commissioners. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas State Board of Election Commissioners, a board of Arkansas state government, as of and for the two-year period ended June 30, 2021, and have issued our report dated March 7, 2022. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal years 2020 and 2021 State Annual Comprehensive Financial Reports (ACFR) and Single Audit Reports.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

Act 465 of 1969 created the Arkansas State Board of Election Commissioners (SBEC). Duties and responsibilities of the SBEC are included in Arkansas Code Title 7, as amended.

SBEC's mission is to improve the conduct of elections in the State by promoting fair and orderly election procedures through education, assistance, and monitoring. SBEC develops resources to educate and assist candidates and county election administrators, develops specialized training programs, conducts and coordinates statewide training of county election commissioners and election officials, monitors compliance by local election authorities with federal and state election laws, investigates complaints of alleged election misconduct and election law violations, and distributes funds to the counties for state-supported political party primary elections, nonpartisan judicial general elections, special primary elections, and statewide special elections. **Schedules 1 and 2 on pages 4 through 6** show the 2019 and 2020 election year expense reimbursements by county. SBEC's organizational chart is depicted in **Exhibit I on page 2**.

ARKANSAS LEGISLATIVE AUDIT

500 Woodlane Street, Suite 172, Little Rock, AR 72201

Phone: 501-683-8600 Fax: 501-683-8605

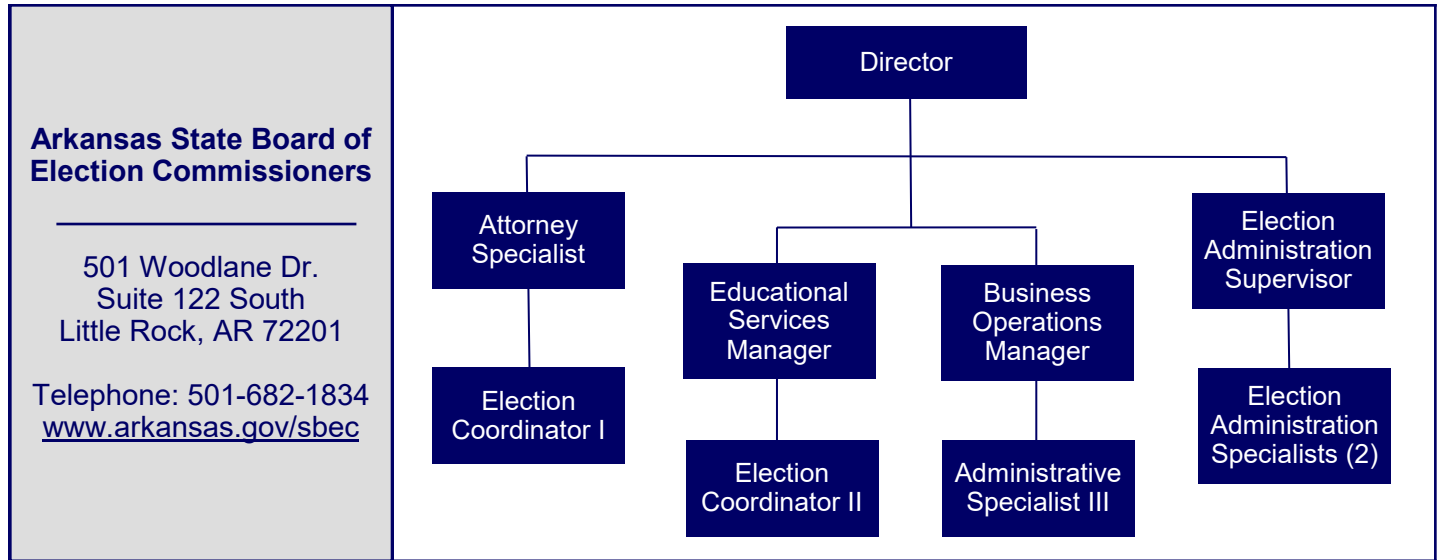
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Exhibit I
Arkansas State Board of Election Commissioners
Organizational Chart



Source: Arkansas State Board of Election Commissioners

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2016 through 2021 are provided in **Exhibit II on page 3**. The Agency reported \$483,874 and \$267 in total revenue for the fiscal years ended June 30, 2020 and 2021, respectively. The majority of revenue is reported in even-numbered fiscal years when elections are held and the Board receives candidate filing fees.

For the years ended June 30, 2020 and 2021, expenditures at the Agency totaled \$4.1 million and \$596,395, respectively. Expenditures fluctuate from year-to-year due to elections. In even-numbered years, when most elections are held, expenditures are greater than in odd-numbered years.

The Agency is also supported with State General Revenues. Net transfers totaled \$4.7 million for the year ended June 30, 2020 and (\$4,547) for the year ended June 30, 2021.

Assets and Liabilities

For the year ended June 30, 2020, Agency assets and liabilities totaled \$5.1 million and \$2.6 million, respectively. For the year ended June 30, 2021, Agency assets and liabilities totaled \$2.8 million and \$963,096, respectively. Asset and liability balances at year-end for fiscal years 2016 through 2021 are presented in **Exhibit III on page 3**. Of Agency assets, 99% consisted of cash in State Treasury for both fiscal years ended June 30, 2020 and 2021.

Exhibit II

**Arkansas State Board of Election Commissioners
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2016 through 2021**

	Fiscal Year					
	2021	2020	2019	2018	2017	2016
Revenues						
Fees	\$ 0	\$ 483,450	\$ 0	\$ 97,162	\$ 0	\$ 266,898
Other income	267	424	391	63	5	0
Total Revenues	<u>\$ 267</u>	<u>\$ 483,874</u>	<u>\$ 391</u>	<u>\$ 97,225</u>	<u>\$ 5</u>	<u>\$ 266,898</u>
Expenditures						
Salaries	\$ 512,053	\$ 500,581	\$ 445,605	\$ 469,264	\$ 477,164	\$ 508,859
Utilities and rent	39,915	59,888	75,692	76,571	68,823	68,653
Election expenses	0	3,455,894	0	3,379,426	0	3,187,055
Other expenses	44,427	92,425	27,615	89,523	18,840	76,198
Total Expenditures	<u>\$ 596,395</u>	<u>\$ 4,108,788</u>	<u>\$ 548,912</u>	<u>\$ 4,014,784</u>	<u>\$ 564,827</u>	<u>\$ 3,840,765</u>
Net Transfers In (Out)	<u>\$ (4,547)</u>	<u>\$ 4,691,411</u>	<u>\$ 630,485</u>	<u>\$ 3,491,236</u>	<u>\$ 11,481</u>	<u>\$ 4,724,616</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III

**Arkansas State Board of Election Commissioners
Assets and Liabilities
For the Years Ended June 30, 2016 through 2021**

	Fiscal Year					
	2021	2020	2019	2018	2017	2016
Assets						
Cash in State Treasury	\$ 2,809,958	\$ 5,053,661	\$ 1,444,339	\$ 4,491,651	\$ 1,796,165	\$ 3,340,408
Fixed assets	31,303	31,840	49,819	48,740	48,739	55,538
Other assets	2,544	2,373	2,343	2,491	3,052	2,993
Total Assets	<u>\$ 2,843,805</u>	<u>\$ 5,087,874</u>	<u>\$ 1,496,501</u>	<u>\$ 4,542,882</u>	<u>\$ 1,847,956</u>	<u>\$ 3,398,939</u>
Liabilities						
Interfund due to	\$ 927,235	\$ 19,436	\$ 44,606	\$ 879	\$ 53,781	\$ 412
Payroll liability	26,857	22,853	18,426	15,547	17,492	29,547
Due to other governments	0	2,563,663	0	3,174,815	0	1,032,157
Other liabilities	9,004	0	65	1,281	0	0
Total Liabilities	<u>\$ 963,096</u>	<u>\$ 2,605,952</u>	<u>\$ 63,097</u>	<u>\$ 3,192,522</u>	<u>\$ 71,273</u>	<u>\$ 1,062,116</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Schedule 1

**Arkansas State Board of Election Commissioners
2019 & 2020 Election Year County Expense Reimbursement
For the Year Ended June 30, 2020**

County	Election Date and Type				
	Special Primary 8/6/19	Special Primary Runoff 9/3/19	Special Primary Runoff 12/10/19	Special Primary 1/14/20	Preferential Primary 3/3/20
Boone County					\$ 26,082
Chicot County					22,644
Cleburne County					20,168
Conway County					36,128
Dallas County					25,272
Faulkner County					70,952
Franklin County					23,289
Garland County			\$ 11,084		80,938
Greene County					52,916
Howard County					28,705
Lee County					13,449
Little River County					22,627
Nevada County					17,413
Newton County					26,500
Perry County					19,024
Pike County					18,447
Polk County					31,761
Pulaski County	\$ 23,249	\$ 20,681		\$ 24,176	
Saline County			7,388		
Totals	\$ 23,249	\$ 20,681	\$ 18,472	\$ 24,176	\$ 536,315

Source: Arkansas Administrative Statewide Information System (unaudited by Arkansas Legislative Audit)

Schedule 2

**Arkansas State Board of Election Commissioners
2020 Election Year County Expense Reimbursement
For the Year Ended June 30, 2021**

County	Election Date and Type		
	Special Primary Runoff 2/11/20	Preferential Primary 3/3/20	General Primary 3/31/20
Arkansas County		\$ 33,984	
Ashley County		16,707	
Baxter County		46,232	
Benton County		110,587	\$ 19,164
Bradley County		8,574	
Carroll County		25,325	
Clark County		23,038	
Clay County		23,755	
Cleveland County		28,391	
Columbia County		23,371	
Conway County			5,009
Craighead County		51,627	9,861
Crawford County		44,472	
Crittenden County		54,492	
Cross County		23,988	
Desha County		32,765	
Fulton County		16,134	
Grant County		40,348	4,687
Greene County			5,716
Hempstead County		12,962	
Hot Spring County		36,966	
Independence County		51,806	
Izard County		36,239	
Jackson County		31,169	
Jefferson County		51,654	16,658
Johnson County		18,488	
Lafayette County		8,413	
Lawrence County		28,771	
Lee County		1,764	
Lincoln County		24,999	
Logan County		31,104	
Lonoke County		67,912	
Madison County		22,228	
Marion County		25,687	
Miller County		42,666	
Monroe County		12,335	
Montgomery County		18,551	
Ouachita County		17,915	
Phillips County		28,989	
Poinsett County		27,626	
Pope County		30,435	
Prairie County		24,686	

Schedule 2 (continued)

County	Election Date and Type		
	Special Primary Runoff 2/11/20	Preferential Primary 3/3/20	General Primary 3/31/20
Pulaski County	\$ 23,967	\$ 309,716	
Randolph County		31,819	
Saline County		53,264	
Scott County		32,309	
Searcy County		12,527	
Sebastian County		107,114	
Sevier County		17,119	
Sharp County		27,329	
Stone County		30,327	
Union County		40,967	
Van Buren County		24,396	
Washington County		155,133	
White County		46,969	\$ 3,596
Woodruff County		18,411	
Yell County		17,937	
Totals	\$ 23,967	\$ 2,182,492	\$ 64,691

Source: Arkansas Administrative Statewide Information System (unaudited by Arkansas Legislative Audit)

