

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas State Board of Election Commissioners

For the Fiscal Year Ended June 30, 2023



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 year ended June 30, 2023, and have issued our report dated September 16, 2024. 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, 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 year 2023 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. 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

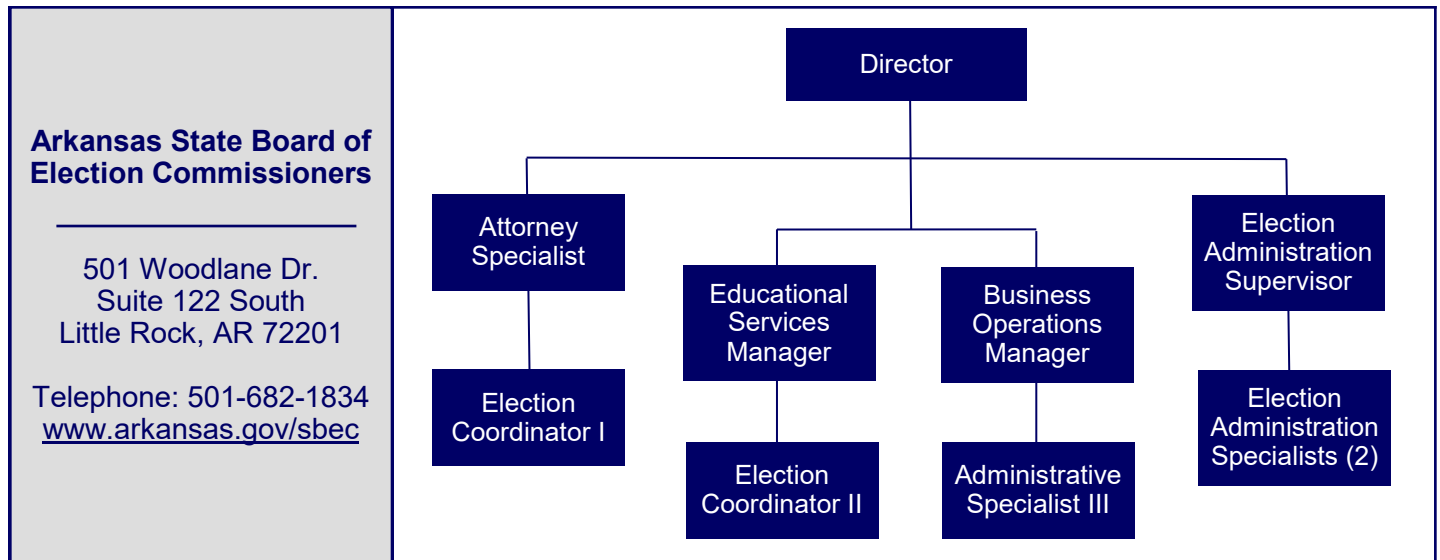
www.arklegaudit.gov

Report ID: SR0723223

Report Date: September 16, 2024



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 2019 through 2023 are provided in **Exhibit II on page 3**. The Agency reported \$1,280 in total revenue for the fiscal year ended June 30, 2023. The majority of revenue is reported in even-numbered fiscal years when elections are held and the Board receives candidate filing fees.

For the year ended June 30, 2023, expenditures at the Agency totaled \$803,893. 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 \$644,021 for the year ended June 30, 2023.

Assets and Liabilities

For the year ended June 30, 2023, Agency assets and liabilities totaled \$1,434,413 and \$15,885, respectively. Asset and liability balances at year-end for fiscal years 2019 through 2023 are presented in **Exhibit III on page 3**. Of Agency assets, 99% consisted of cash in State Treasury for the fiscal year ended June 30, 2023.

County Expense Reimbursement

As noted on **page 1**, the Agency distributes funds to the counties for state-supported political party primary elections, nonpartisan judicial general elections, special primary elections, and statewide special elections. **Schedule 1 on pages 4 and 5** provides election expense reimbursements by county, for calendar years 2021 and 2022, that were paid in fiscal year 2023.

Exhibit II

**Arkansas State Board of Election Commissioners
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2019 through 2023**

| | Fiscal Year | | | | |
|-------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Revenues | | | | | |
| Fees | \$ 0 | \$ 198,690 | \$ 0 | \$ 483,450 | \$ 0 |
| Other income | 1,280 | 768 | 267 | 424 | 391 |
| Total Revenues | <u>\$ 1,280</u> | <u>\$ 199,458</u> | <u>\$ 267</u> | <u>\$ 483,874</u> | <u>\$ 391</u> |
| Expenditures | | | | | |
| Salaries | \$ 686,808 | \$ 602,485 | \$ 512,053 | \$ 500,581 | \$ 445,605 |
| Utilities and rent | 62,432 | 59,292 | 39,915 | 59,888 | 75,692 |
| Election expenses | 0 | 4,449,165 | 0 | 3,455,894 | 0 |
| Other expenses | 54,653 | 142,255 | 44,427 | 92,425 | 27,615 |
| Total Expenditures | <u>\$ 803,893</u> | <u>\$ 5,253,197</u> | <u>\$ 596,395</u> | <u>\$ 4,108,788</u> | <u>\$ 548,912</u> |
| Net Transfers In (Out) | <u>\$ 644,021</u> | <u>\$ 4,766,370</u> | <u>\$ (4,547)</u> | <u>\$ 4,691,411</u> | <u>\$ 630,485</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, 2019 through 2023**

| | Fiscal Year | | | | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Assets | | | | | |
| Cash in State Treasury | \$ 1,420,702 | \$ 5,948,803 | \$ 2,809,958 | \$ 5,053,661 | \$ 1,444,339 |
| Fixed assets | 12,648 | 33,737 | 31,303 | 31,840 | 49,819 |
| Other assets | 1,063 | 2,221 | 2,544 | 2,373 | 2,343 |
| Total Assets | <u>\$ 1,434,413</u> | <u>\$ 5,984,761</u> | <u>\$ 2,843,805</u> | <u>\$ 5,087,874</u> | <u>\$ 1,496,501</u> |
| Liabilities | | | | | |
| Interfund due to | \$ 3,848 | \$ 5,399 | \$ 927,235 | \$ 19,436 | \$ 44,606 |
| Payroll liability | 12,037 | 35,156 | 26,857 | 22,853 | 18,426 |
| Due to other governments | 0 | 4,345,650 | 0 | 2,563,663 | 0 |
| Other liabilities | 0 | 348 | 9,004 | 0 | 65 |
| Total Liabilities | <u>\$ 15,885</u> | <u>\$ 4,386,553</u> | <u>\$ 963,096</u> | <u>\$ 2,605,952</u> | <u>\$ 63,097</u> |

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

**Arkansas State Board of Election Commissioners
2021 and 2022 Election Year County Expense Reimbursement
For the Year Ended June 30, 2023**

| County | Election Type and Date | | | |
|---------------------|-----------------------------|-----------------------------------|---------------------------------|----------------------------|
| | Special Primary 12/14/21 | Special Primary Runoff 1/11/22 | Preferential Primary 5/24/22 | General Primary 6/21/22 |
| Arkansas County | | | \$ 35,838 | |
| Ashley County | | | 30,557 | |
| Baxter County | | | 53,806 | \$ 24,714 |
| Benton County | | | 119,471 | 14,540 |
| Boone County | | | 26,086 | 13,243 |
| Bradley County | | | 21,424 | 6,877 |
| Calhoun County | | | 23,260 | |
| Carroll County | | | 32,679 | 14,887 |
| Chicot County | | | 22,059 | |
| Clark County | | | 31,401 | |
| Clay County | | | 32,190 | |
| Cleburne County | | | 40,589 | 14,175 |
| Cleveland County | | | 34,764 | |
| Columbia County | | | 29,083 | 7,134 |
| Conway County | | | 49,564 | 6,830 |
| Craighead County | | | 54,413 | 18,819 |
| Crawford County | | | 40,868 | 17,709 |
| Crittenden County | | | 77,925 | |
| Cross County | | | 34,798 | |
| Dallas County | | | 40,597 | |
| Desha County | | | 62,427 | |
| Drew County | | | 32,148 | |
| Faulkner County | | | 99,675 | |
| Franklin County | | | 47,754 | 5,722 |
| Fulton County | | | 27,584 | 11,414 |
| Garland County | | | 79,280 | |
| Grant County | | | 39,839 | |
| Greene County | | | 53,428 | 15,262 |
| Hempstead County | | | 22,301 | |
| Hot Spring County | | | 46,464 | |
| Howard County | | | 37,196 | 22,717 |
| Independence County | | | 33,181 | 28,624 |
| Izard County | | | 39,426 | 19,433 |
| Jackson County | | | 37,924 | 13,594 |
| Jefferson County | | | 109,765 | 33,945 |
| Johnson County | | | 40,525 | 21,653 |
| Lafayette County | | | 26,735 | 9,990 |
| Lawrence County | | | 43,498 | 17,210 |
| Lee County | | | 16,846 | |
| Lincoln County | | | 17,835 | |

Schedule 1 (Continued)

| County | Election Type and Date | | | |
|---------------------|-----------------------------|-----------------------------------|---------------------------------|----------------------------|
| | Special Primary 12/14/21 | Special Primary Runoff 1/11/22 | Preferential Primary 5/24/22 | General Primary 6/21/22 |
| Little River County | | | \$ 25,744 | |
| Logan County | | | 30,935 | |
| Lonoke County | | | 69,286 | |
| Madison County | | | 23,982 | \$ 13,062 |
| Marion County | | | 28,379 | |
| Miller County | | | 50,837 | 19,821 |
| Mississippi County | | | 28,360 | |
| Monroe County | | | 16,438 | |
| Montgomery County | | | 25,940 | |
| Nevada County | | | 22,681 | |
| Newton County | | | 18,417 | 12,141 |
| Ouachita County | | | 19,176 | |
| Perry County | | | 29,533 | |
| Phillips County | | | 51,474 | |
| Pike County | | | 26,912 | |
| Poinsett County | | | 34,212 | |
| Polk County | | | 31,623 | |
| Pope County | | | 73,080 | 10,793 |
| Prairie County | | | 25,113 | 15,481 |
| Pulaski County | | | 323,968 | 87,796 |
| Randolph County | | | 45,501 | 20,746 |
| Saline County | | | 101,323 | |
| Scott County | | | 26,795 | 14,025 |
| Searcy County | | | 26,733 | |
| Sebastian County | | | 122,064 | 39,050 |
| Sevier County | | | 19,967 | |
| Sharp County | | | 35,277 | 13,239 |
| St Francis County | | | 42,793 | 7,521 |
| Stone County | | | 28,825 | 13,442 |
| Union County | | | 39,029 | |
| Van Buren County | | | 27,990 | |
| Washington County | \$ 10,861 | \$ 9,352 | 172,706 | 43,121 |
| White County | | | 48,956 | 27,908 |
| Woodruff County | | | 25,312 | |
| Yell County | | | 39,356 | |
| Totals | \$ 10,861 | \$ 9,352 | \$ 3,503,920 | \$ 676,638 |

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

