

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas State Board of Election Commissioners

For the Fiscal Year Ended June 30, 2018



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, 2018, and have issued our report dated June 7, 2019. 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 year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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). Acts 741 and 901 of 1995 and Act 888 2019 of amended various sections of Arkansas Code Title 7 to expand SBEC's duties and responsibilities. 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 with distributing funds to the counties for state-supported political party primary elections, nonpartisan judicial general elections, special primary elections, and statewide special elections. In addition, SBEC monitors compliance with federal and state election laws. 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

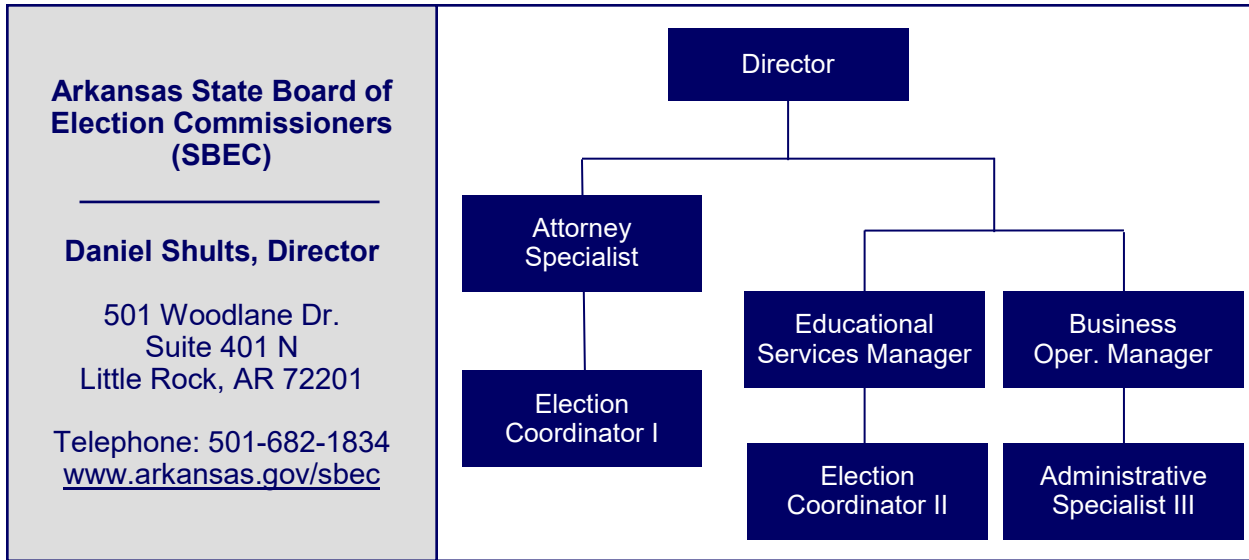
www.arklegaudit.gov

Report ID: SR0723218

Report Date: June 7, 2019



Exhibit I
Arkansas State Board of Election Commissioners
Organizational Chart



Source: SBEC

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are provided in **Exhibit II on page 3**. The Agency reported \$97,225 in total revenue for the fiscal year ended June 30, 2018. 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, 2018, expenditures at the Agency totaled \$4 million. Expenditures fluctuate from year-to-year due to elections. In even-numbered years, when elections are held, expenditures are greater than in non-election years.

Net transfers from General Revenue totaled \$3.5 million for the year ended June 30, 2018.

Assets and Liabilities

Agency assets and liabilities totaled \$4.5 million and \$3.2 million, respectively. Asset and liability balances at year-end for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. Of Agency assets, 99% consisted of cash in State Treasury.

Exhibit II

**Arkansas State Board of Election Commissioners
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Fees	\$ 97,162	\$ 0	\$ 266,898	\$ 0	\$ 372,718
Other income	63	5	0	0	0
Total Revenues	\$ 97,225	\$ 5	\$ 266,898	\$ 0	\$ 372,718
Expenditures					
Salaries	\$ 469,264	\$ 477,164	\$ 508,859	\$ 527,377	\$ 456,581
Utilities and rent	76,571	68,823	68,653	67,459	66,808
Election expenses	3,379,426	0	3,187,055	138,796	3,809,430
Other expenses	89,523	18,840	76,198	29,456	78,017
Total Expenditures	\$ 4,014,784	\$ 564,827	\$ 3,840,765	\$ 763,088	\$ 4,410,836
Net Transfers In (Out)	\$ 3,491,236	\$ 11,481	\$ 4,724,616	\$ 4,374,956	\$ 868,042

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

Exhibit III

**Arkansas State Board of Election Commissioners
Assets and Liabilities
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash in State Treasury	\$ 4,491,651	\$ 1,796,165	\$ 3,340,408	\$ 1,248,408	\$ 1,071,869
Fixed assets	48,740	48,739	55,538	72,773	70,263
Prepaid expenses	2,491	3,052	2,993	1,854	767
Other assets	0	0	0	0	13
Total Assets	\$ 4,542,882	\$ 1,847,956	\$ 3,398,939	\$ 1,323,035	\$ 1,142,912
Liabilities					
Interfund due to	\$ 879	\$ 53,781	\$ 412	\$ 105,758	\$ 11,656
Payroll liability	15,547	17,492	29,547	13,165	10,950
Due to other governments	3,174,815	0	1,032,157	0	3,534,123
Other liabilities	1,281	0	0	802	253
Total Liabilities	\$ 3,192,522	\$ 71,273	\$ 1,062,116	\$ 119,725	\$ 3,556,982

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

