

Office of the Auditor General
Performance Audit Report

Bureau of Elections
Department of State

December 2019

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Bureau of Elections (BOE)

Department of State

Report Number:
231-0235-19

Released:
December 2019

BOE was established to assist with the administration of the Secretary of State's election-related duties and responsibilities. BOE maintains the State's Qualified Voter File (QVF), which is the complete list of 7.5 million registered electors in Michigan. BOE offers guidance and develops and provides training to the 1,608 county, city, and township clerks and 1,979 other local election officials who independently administer elections under their jurisdiction. BOE also administers the State's campaign finance, lobbyist, and casino disclosure laws, which help to ensure the transparency of the State's election process. As of the end of fiscal year 2018, BOE expended \$24.6 million and had 35 employees.

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of BOE's efforts to maintain the integrity of QVF.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Improved control procedures will help decrease the risk of ineligible electors voting in Michigan (Finding #1).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of selected application access controls over the QVF Refresh System (QVF Refresh).			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
BOE's lack of adherence to established policies enabled an unauthorized user to access QVF Refresh (Finding #2).	X		Agrees

Audit Objective			Conclusion
Objective #3: To assess the sufficiency of BOE's efforts to establish and provide training to county, city, and township officials who are responsible for conducting elections.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Election officials had not completed the required training to obtain or retain accreditation in 14% of counties, 14% of cities, and 23% of townships (<u>Finding #3</u>).		X	Agrees
Supplemental Information Related to This Audit Objective			
Counties, Cities, and Townships in Michigan Without a Fully Accredited Election Official			

Audit Objective			Conclusion
Objective #4: To assess the sufficiency of BOE's efforts to comply with the requirements of the Campaign Finance Act (CFA); the Lobbyists, Lobbying Agents, and Lobbying Activities Act (LLALAA); and the Casino Interest Registration Act (CIRA).			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
BOE's review was not timely for 79%, 42%, and 67% of the campaign statements, lobby reports, and campaign finance complaints, respectively, that we selected for audit (<u>Finding #4</u>).		X	Agrees

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Doug A. Ringler, CPA, CIA
Auditor General

December 27, 2019

The Honorable Jocelyn Benson
Secretary of State
Richard H. Austin Building
Lansing, Michigan

Dear Secretary Benson:

This is our performance audit report on the Bureau of Elections, Department of State.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

QVF INTEGRITY

BACKGROUND

The Michigan Election Law* (Section 168.509o of the *Michigan Compiled Laws*) states that the Secretary of State (SOS) shall direct and supervise the establishment of a Statewide Qualified Voter File (QVF). The purpose of this file is to serve as the official record that identifies all registered electors* for the conduct of all elections held in this State and accurately identify the precinct of each elector.

Elector records are updated through various parties, including local election officials, SOS branch offices, and SOS online voter registration applications. According to the Michigan Election Law, local clerks are responsible for verifying the accuracy of the names and addresses of registered electors in QVF and the SOS is responsible for maintaining the systems necessary for the operation of QVF.

In 2016, the Bureau of Elections (BOE) identified the QVF system as QVF Legacy* because BOE had used the system since 1998 and it needed to be upgraded. In 2017, BOE began implementation of its new system, QVF Refresh*. This new system replaced QVF Legacy on August 15, 2019 in preparation for the 2020 elections.

As of April 26, 2019, QVF contained 7.5 million registered electors and these electors cast 13.0 million votes throughout 7 elections:

<u>Election Date</u>	<u>Number of Election Votes</u>
November 8, 2016	4,899,745
May 2, 2017	336,081
August 8, 2017	248,043
November 7, 2017	773,331
May 8, 2018	235,663
August 7, 2018	2,206,961
November 6, 2018	4,326,530
Total election votes	<u>13,026,354</u>

AUDIT OBJECTIVE

To assess the sufficiency of BOE's efforts to maintain the integrity* of QVF.

CONCLUSION

Sufficient.

* See glossary at end of report for definition.

**FACTORS
IMPACTING
CONCLUSION**

- 98.9% of registered electors' information in QVF accurately reflected data contained in the SOS driver's license file* (DLF). We sampled 34 records from the 1.1% that did not match DLF and determined that acceptable reasons existed for the differing information.
- 100% of the electors who voted during our audit period were within acceptable age parameters.
- 99.9% of votes cast during our audit period were not identified as a duplicate vote. We sampled 24 electors from the 2,212 potentially duplicated votes and determined that none resulted in a duplicated vote. In each case, the potentially duplicated vote was caused by either a system processing error or a clerical error that resulted in electors being marked as having voted twice in an election.
- Reportable condition* related to improving control procedures over QVF (Finding #1).

* See glossary at end of report for definition.

FINDING #1

Control procedures needed over QVF.

BOE should improve control procedures over QVF to help decrease the risk of ineligible electors voting in Michigan.

Section 168.492 of the *Michigan Compiled Laws* requires that the elector, in order to register to vote, must be:

- A citizen of the United States.
- At least 17.5 years of age.
- A resident of the State.
- A resident of the township or city.

The State of Michigan voter registration application requires individuals to certify that they are United States citizens and are, or will be, at least 18 years of age by election day and provide residential address documentation.

Sections 168.509o and 257.315 of the *Michigan Compiled Laws* prohibit an individual from having different residential addresses in the Department of State's QVF and DLF.

Our review of QVF disclosed:

- a. BOE should improve its process for reconciling data between QVF and DLF. BOE completes a periodic reconciliation when a change in name or address is made to DLF which initiates an update to QVF; however, BOE does not have a procedure to complete a full reconciliation between files.

We judgmentally and randomly sampled 34 records in which names and/or addresses did not match between QVF and DLF. We noted that 26 records had valid reasons, such as a street name missing the directional description. For the remaining 8 records, BOE indicated that additional analysis was needed, but it was possible that some of these errors may have occurred when records were carried forward from the legacy version of QVF. Therefore, they were not subject to the edit checks that were in place during the audit period.

- b. BOE did not have control procedures to detect, follow up, and correct certain integrity discrepancies for 2,472 records. For example, 2,212 electors were recorded as having voted more than once in an election. We provided BOE with 24 electors and BOE explained that QVF contained records of multiple votes for the electors because of system processing or clerical errors, but that did not mean an individual had actually voted twice. In addition, we identified 230 registered electors who had an age that was greater than 122 years, the oldest officially documented person to ever live. BOE does perform an exact match to ensure that all electors who are certified as

being dead are removed from QVF. However, if it is not an exact match, further follow-up is needed to confirm mismatched information.

We noted a similar condition in our prior audit related to the strengthening of control procedures to prevent, detect, and correct instances in which ineligible electors are recorded as having voted. The Department agreed in part with the recommendation and indicated that it would work with local election officials to more strongly reinforce established procedures to ensure, to the extent possible, that they do not make clerical errors while recording elector history.

RECOMMENDATION

We recommend that BOE improve control procedures over QVF to help decrease the risk of ineligible electors voting in Michigan.

AGENCY PRELIMINARY RESPONSE

The Department of State provided us with the following response:

BOE agrees to explore additional controls to decrease the risk that ineligible voters are recorded as having voted in the QVF. BOE notes, however, that of the examples provided, there was not a single verified case that an ineligible person voted.

BOE agrees to develop a formalized procedure to document the full reconciliation between DLF and QVF.

BOE also agrees to continue to reinforce existing procedures to reduce the likelihood that local election officials mistakenly record an individual as having voted twice when the individual actually voted only once. BOE will work with local election officials to ensure to the extent possible that local officials do not make clerical errors while recording voter history, as this is legally a local—not state—responsibility. BOE also notes that since 2016, BOE now completes a post-election review which initiates a detailed verification process of any voter record that has a voter recorded as having voted both in person and absentee. In the very rare instances that a clerical error did not occur, individuals who truly voted multiple times are referred for criminal prosecution.

With regard to individuals recorded in QVF with an age greater than 122 years, BOE notes that in most of these cases, further follow-up is needed with the voter to confirm his/her actual date of birth; and thus these individuals do not actually have "an age greater than 122 years." It is impossible to have a "blank" in the QVF date of birth field. Individuals with no recorded date of birth have been deliberately coded with an implausible birth date (such as 5/5/1850) to more clearly indicate records needing further follow-up. BOE agrees to pursue additional methods for contacting and validating birth date data for these voters, as permissible by law.

QVF REFRESH APPLICATION ACCESS CONTROLS

BACKGROUND

Access controls* limit or detect inappropriate access to computer resources, thereby protecting the resources from unauthorized modification, loss, and disclosure. For access controls to be effective, they should be properly designed, implemented, and maintained.

Access controls over QVF Refresh are the responsibility of BOE. These responsibilities include approving, removing, and monitoring user activity for State employees, contractors, and local election officials.

As of April 29, 2019, there were 3,219 active users in QVF Refresh. The table below summarizes the users by type of access:

Type of Users	Users With Administrator Access	Users With Nonadministrator Access
State users	28	38
Local election officials	0	3,153
Total	28	3,191

AUDIT OBJECTIVE

To assess the effectiveness* of selected application access controls over the QVF Refresh System (QVF Refresh).

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- BOE had designed procedures related to user account management.
- BOE provided training prior to granting user access to QVF Refresh.
- BOE ensured that users who obtained access had a signed user agreement.
- Material condition* related to improving access controls over QVF Refresh (Finding #2).

* See glossary at end of report for definition.

FINDING #2

Improvement of access controls over QVF Refresh needed.

BOE needs to improve its access controls over QVF Refresh to help prevent and detect inappropriate access and protect elector information from unauthorized use, disclosure, modification, or destruction.

State of Michigan Technical Standard 1340.00.020.01 requires agencies to implement processes to grant access rights based on the principle of least privilege*, review the appropriateness of user accounts annually or semiannually for privileged accounts, disable user accounts after 60 days of inactivity, and immediately remove access when it is determined to be no longer required. Further, BOE's QVF Security Manual requires local users to receive training and State of Michigan employees and contractors to obtain approval before system access is granted. BOE did not:

- a. Periodically review the appropriateness of active user accounts to determine if users with modification privileges were removed when access was no longer required. We noted:

- (1) 972 (30%) of the 3,219 active QVF Refresh user accounts had not accessed the application in over 60 days as of April 29, 2019. As summarized in the following table:

<u>Days Since Last Log In</u>	<u>Number of Users</u>
60 - 180	502
180 - 360	230
Greater than 360	69
Never	171
Total	<u>972</u>

- (2) 2 (7%) of the 28 State of Michigan employees and contractors with administrator privileges did not have their access removed after departing State employment. Subsequent to our review, these users' rights were removed.

Because BOE did not appropriately remove access privileges, one individual with administrator privileges was successful in accessing QVF Refresh 3 times after leaving State employment.

One administrator attempted logging in 5 times after the departure date and was successful in accessing QVF Refresh on 3 of the attempts. The user's activity recorded on the audit log disclosed that the user completed elector searches but did not add, delete, or edit any elector data, although the user's access privileges would have allowed the user to do so.

- (3) 4 (12%) of 33 randomly sampled users with nonadministrative privileges did not have their access

* See glossary at end of report for definition.

removed when access was no longer required to perform their job duties. Subsequent to our review, these users' rights were removed.

Removing access on a timely basis would help ensure that inappropriate modifications are not input into QVF Refresh.

- b. Grant access based on the principle of least privilege. We noted:
 - (1) 7 (25%) of the 28 system administrators were granted more privileges than what was required to complete their job responsibilities.
 - (2) 8 (24%) of 33 randomly sampled users with nonadministrative privileges were granted more privileges than they requested.
- c. Follow established procedures when granting access. We noted:
 - (1) 16 (57%) of 28 system administrators did not obtain proper approvals prior to being granted access to QVF Refresh.
 - (2) 154 (5%) of the active 3,219 QVF Refresh users as of May 3, 2019 did not have an active account in BOE's eLearning Center*, which provides online courses, materials, and procedures for day-to-day operations in QVF Refresh.

In relation to parts b. and c., granting employees privileges beyond what is required to perform their job functions or beyond their level of training increases the risk of inappropriate data modification, disclosure, or destruction.

- d. Ensure that QVF Refresh security configurations were appropriate. Because of the confidentiality of these configurations, we summarized our testing results for presentation in this portion of the finding and provided the underlying details to the SOS.

BOE informed us that because of the transition from QVF Legacy to QVF Refresh, the procedures over access to QVF Refresh were evolving and this resulted in inconsistencies in implementation.

We consider this finding to be a material condition in relation to the audit objective because the combination of deficiencies identified in this finding could result in inappropriate access to

* See glossary at end of report for definition.

QVF Refresh that would not be prevented, detected, and/or corrected on a timely basis. This could, in turn, result in additions, deletions, or modifications to elector registration data and ultimately could raise questions regarding the integrity of QVF.

RECOMMENDATION

We recommend that BOE improve its access controls over QVF Refresh to help prevent and detect inappropriate access and protect elector information from unauthorized use, disclosure, modification, or destruction.

AGENCY PRELIMINARY RESPONSE

The Department of State provided us with the following response:

- a. *Periodic Review of Active QVF Accounts: BOE agrees and has improved its access controls over QVF Refresh through the following:*
 - (1) *BOE inactivated all users who have not accessed the application in over 60 days. BOE submitted a software request to DTMB to enhance QVF Refresh to automatically inactivate user accounts who have not accessed the application in over 60 days. BOE notes that in times of key election periods, this process may need to be flexible to ensure all needed functionality is available to all users.*
 - (2) *BOE developed a process to require a DTMB Manager confirm a list of DTMB employees and contractors who need access to the QVF Refresh system on a monthly basis and to report immediately when an employee no longer works on the QVF system.*
 - (3) *BOE submitted a software request to DTMB to enhance QVF Refresh to automatically require a local clerk to confirm a list of county/city/township employees and contractors who need access to the QVF Refresh system every 60 days.*
- b. *Access Based on the Principle of "Least Privilege": BOE agrees and will comply.*
 - (1) *BOE agrees and has submitted a software request to DTMB to enhance QVF Refresh by adding one additional user role to separate the BOE Program Development staff (who provide technical support) and the Election Liaison staff (who provide policy/procedural assistance to clerks and voters statewide). Until the software changes are implemented, QVF Access for Election Liaison staff was reduced to read-only (which also removes their ability to fully assist local election officials on issues related to individual voters in the QVF).*

(2) BOE acknowledges that the eight randomly selected non-administrative users cited were granted a level of privilege that did not correspond to a box on the form referring to that privilege level, but notes that these users completed the level of training necessary to obtain that access. BOE gave them the access they needed to perform their job responsibilities (and to which they were entitled based on their training), even though they did not check a box specifically requesting that level of access. BOE has updated the access form to clarify the levels of access available and alleviate this confusion. Six of the users have completed a new form. BOE is following up on the two remaining forms.

c. *Follow Established Procedures when Granting Access:*

(1) BOE agrees to correct the clerical errors that occurred during system development and implementation by having the 16 internal users complete updated security forms with the proper sequence of obtaining signatures and dates.

(2) BOE agrees that not all active QVF users have an ongoing eLearning account. BOE notes that ongoing access to the eLearning system is not necessary or required for all QVF users. BOE grants ongoing access to eLearning only to those who need access to eLearning for purposes other than signing up for QVF classes. Necessary QVF reference material is available to all users within the QVF system itself. As part of the review agreed to in 2a, BOE will verify that all QVF users who lack an eLearning account are authorized QVF users per the local, city, or township clerk.

d. *Ensure QVF Refresh security configurations: BOE agrees and has corrected the security configurations.*

"Material Condition": BOE agrees with the auditor's emphasis on security and the importance of preventing unauthorized disclosure, modification, or destruction of QVF information. BOE has taken steps to resolve all identified issues with corrective action plans to address all issues identified in this report.

BOE recognizes that it is up to the auditor's discretion to determine whether a condition qualifies as a material finding. The findings cited here show that during the statewide rollout of the QVF Refresh system in 2018, the format of the user agreement was not optimal and some users made mistakes in filling out these forms. Additionally, a small number of users did not have their access immediately revoked once they no longer needed access to the QVF system.

It is critical to note that there has been no documented instance of unauthorized modification or destruction of the individual records within the QVF file. As noted above, BOE has taken steps to prevent the issues identified by the auditors from resulting in unauthorized access to the QVF system. BOE development of the QVF system will regularly emphasize security and monitoring access at all levels.

LOCAL ELECTION OFFICIAL TRAINING

BACKGROUND

The Michigan Election Law requires all individuals responsible for conducting elections to be adequately trained. This serves to regulate elections, guard against abuse, and provide for the purity of elections.

BOE established the eLearning Center to facilitate the distribution of training and made it available to 1,608 local clerks and 1,979 other local election officials. Users who have access to the eLearning Center have the ability to sign up for in-person classes and/or take any of the established online learning classes in order to expand their knowledge about the Michigan election process.

BOE uses the eLearning Center to assign training required by law and as it deems appropriate. For example, with the implementation of Proposal 3 of 2018*, BOE established a training course and assigned this course to users who had access to the eLearning Center.

AUDIT OBJECTIVE

To assess the sufficiency of BOE's efforts to establish and provide training to county, city, and township officials who are responsible for conducting elections.

CONCLUSION

Sufficient.

FACTORS IMPACTING CONCLUSION

- BOE established training material covering a wide range of election-related topics.
- BOE established training material on a timely basis as changes to the law were implemented and affected the election process.
- BOE provided training materials, online classes, and in-person classes via the eLearning Center. BOE also made its training materials readily available via the SOS Internet site.
- Reportable condition related to promoting accreditation* (Finding #3).

* See glossary at end of report for definition.

FINDING #3

Improvements needed to training notification process.

BOE should improve its process to promote accreditation to help ensure that local election officials are fully trained and updated on Michigan's election process.

Section 31 of the Michigan Election Law (Section 168.31 of the *Michigan Compiled Laws*) requires the SOS to establish comprehensive training and an accreditation program for all county, city, and township officials who are responsible for conducting elections. This accreditation program includes both an initial comprehensive training course, as well as continuing education training for all clerks. The Michigan Election Law requires local clerks to participate in accreditation courses and complete continuing education at least once every two years to maintain accreditation.

In 12 counties, 38 cities, and 290 townships, no local election official had achieved full accreditation.

We obtained a list of all election officials from the eLearning Center as of May 3, 2019 to determine if the election officials obtained and maintained accreditation. We noted 32 counties, 83 cities, and 426 townships where the clerk had not completed initial accreditation training or, if already accredited, all continuing education training as required by law. We also reviewed other local election officials to determine if any election officials in those areas were fully accredited. We identified 12 counties, 38 cities, and 290 townships where the clerk had not completed the initial accreditation or continuing education training requirements and no other local election official had achieved full accreditation* (see supplemental information):

	Without a Fully Accredited Clerk	Without a Fully Accredited Election Official	Jurisdictions That Require a Clerk	Percent Without a Fully Accredited Election Official
Counties	32	12	83	14%
Cities	83	38	280	14%
Townships	426	290	1,240	23%
Total	541	340	1,603	21%

BOE made training available to users with access to the eLearning Center, notified clerks of their required training via weekly newsletters, and used the functionality in the eLearning Center to directly assign some of the training and continuing education assignments. Although the Michigan Election Law requires that BOE provide initial accreditation training and continuing education training, it does not grant BOE the authority to enforce participation. Therefore, assigning all required trainings and sending additional notifications to the clerks of their statutory training requirements could help improve the participation rate and help accreditation across the State.

* See glossary at end of report for definition.

We noted a similar condition in our prior audit related to BOE's ability to enhance controls to further promote compliance with the Michigan Election Law regarding training of election officials. The Department agreed in part with the recommendation and indicated that it would work to further promote and communicate with election officials of the need to comply with mandated training requirements.

RECOMMENDATION

We recommend that BOE improve its process to promote accreditation to help ensure that local election officials are fully trained and updated on Michigan's election process.

**AGENCY
PRELIMINARY
RESPONSE**

The Department of State provided us with the following response:

BOE agrees to further increase its communications with local election officials statewide to ensure, to the extent possible, that all understand and comply with mandated training requirements. Further, BOE agrees to increase targeted communications (and the frequency of targeted communications) to those local election officials who have not completed all training requirements timely; and to implement changes within the eLearning system to clearly show each user their own individual accreditation status on an ongoing basis.

BOE notes that the primary issue involves completion of ongoing training assignments (continuing education). Participation in the initial clerk accreditation program, the most comprehensive of BOE's training programs designed for new election officials, is extremely high.

CFA, LLALAA, AND CIRA REQUIREMENTS

BACKGROUND

Michigan's Campaign Finance Act (CFA) requires candidate committees and various other committees to periodically file campaign statements (e.g., statements of contributions and expenditures) with BOE. CFA requires that each committee keep detailed records and receipts to substantiate the information contained in the statements filed; however, CFA does not give BOE the express authority to obtain the detailed records to verify the accuracy of the information contained in the statements.

The Lobbyists, Lobbying Agents, and Lobbying Activities Act (LLALAA) was enacted to provide public disclosure of the activities of persons who attempt to influence the legislative or administrative actions of State-level lobbyable public officials. The LLALAA requires persons to register as lobbyists or lobbying agents when incurring expenses and receiving reimbursement or compensation for lobbying activities in excess of certain thresholds.

The Casino Interest Registration Act (CIRA) requires persons with casino interests to file a registration with the SOS. BOE prepares a summary of the registrations for public dissemination.

AUDIT OBJECTIVE

To assess the sufficiency of BOE's efforts to comply with the requirements of CFA, LLALAA, and CIRA.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- BOE appropriately reviewed statements, reports, registrations, and campaign finance complaints that were submitted in accordance with CFA, LLALAA, and CIRA.
- BOE appropriately made available, via its SOS Internet site, applicable information within financial reports, registrations, and complaints that were submitted in accordance with CFA, LLALAA, and CIRA.
- Reportable condition related to the timeliness of review (Finding #4).

FINDING #4

Statement, report, and complaint review needs improvement.

BOE did not ensure compliance with the timeliness requirements of CFA and LLALAA in its review of campaign statements, lobby reports, and campaign finance complaints. Without timely identification and correction of errors, omissions, and violations, the public may not have access to relevant and accurate information related to campaign finance and lobbying activities.

Sections 169.216 and 4.423 of the *Michigan Compiled Laws* require BOE to notify a filer of an error or an omission in a campaign statement within 4 business days and a lobby report within 10 calendar days, respectively. In addition, Section 169.215 of the *Michigan Compiled Laws* requires BOE to notify the person against whom a campaign finance complaint is filed within 5 business days and to make a final determination regarding the complaint within 135 business days.

We reviewed 33 campaign statements, 33 lobby reports, and 12 campaign finance complaints. Our review disclosed:

- a. 26 (79%) statements were not reviewed within 4 business days. BOE reviewed these statements within 6 to 98 business days, averaging 33 business days.
- b. 14 (42%) reports were not reviewed within 10 calendar days. BOE reviewed these reports within 13 to 40 calendar days, averaging 18 calendar days.
- c. 8 (67%) complaints were not reviewed within 5 business days. Furthermore, BOE was unable to make the final determination and resolution for 3 of these complaints within the required 135 business days.

BOE informed us that the number of job duties has increased, yet staffing has remained unchanged. For example, the overall workload has grown in part because of the rise of social media campaign donations and increased campaign costs. In addition, campaign statements and winter lobby reports share a due date of January 31 annually.

We noted a similar condition in our prior audit related to the timeliness requirement for review of campaign statements and reports. The Department agreed that it could not realistically meet the mandated 4 business day review requirement established by the *Michigan Compiled Laws* and would work to potentially improve its process through automation or seek legislative change.

RECOMMENDATION

We recommend that BOE improve its efforts to ensure compliance with the timeliness requirements of CFA and LLALAA.

**AGENCY
PRELIMINARY
RESPONSE**

The Department of State provided us with the following response:

BOE agrees and has already instituted additional steps and controls to more closely track compliance for the complaints process to ensure a more timely rate of review in the future, and will do the same with the 10-day review requirement for lobby reports.

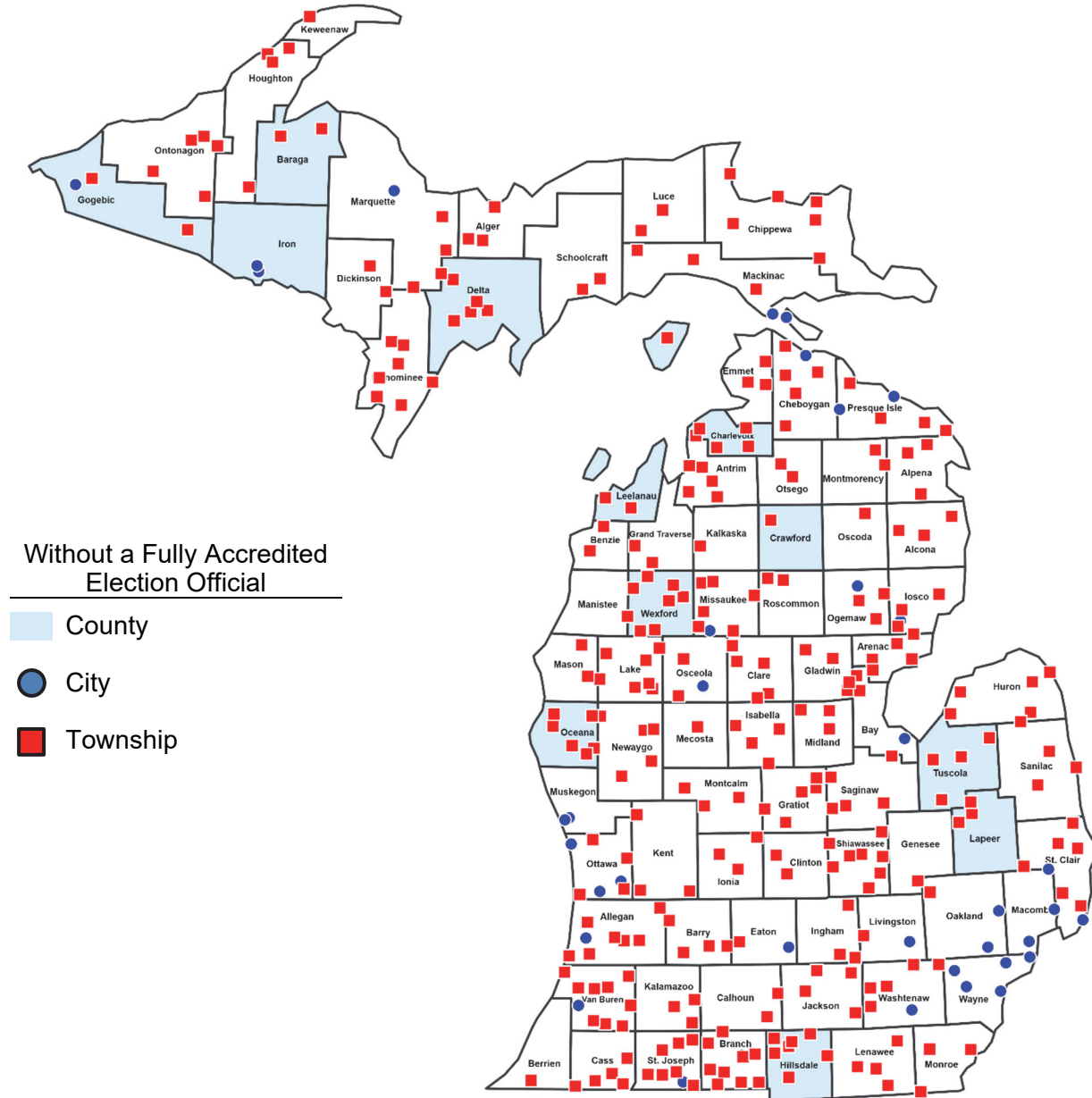
BOE continues to agree that it cannot realistically meet the mandated four business day review requirement established by the Michigan Campaign Finance Act. BOE indicated that it will work to seek staffing increases that would allow for full review within the timeframes required, as well as a possible legislative change to lengthen the four-day review requirement.

SUPPLEMENTAL INFORMATION

UNAUDITED

BUREAU OF ELECTIONS Department of State

Counties, Cities, and Townships in Michigan Without a Fully Accredited Election Official
As of May 3, 2019



To view the interactive map, use this link: <https://audgen.michigan.gov/231-0235-19-map/>

Source: The OAG created this map using unaudited data from BOE's eLearning Center as of May 3, 2019.

AGENCY DESCRIPTION

BOE was established under legislation enacted in 1951 to assist with the administration of the SOS's election-related duties and responsibilities. BOE maintains the State's QVF, which is the complete list of 7.5 million registered electors in Michigan. BOE offers guidance and develops and provides training to 1,608 local clerks and 1,979 other local election officials who independently administer elections under their jurisdiction. BOE also administers the State's campaign finance, lobbyist, and casino disclosure laws, which help to ensure the transparency of the State's election process. As of the end of fiscal year 2018, BOE expended \$24.6 million and had 35 employees.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the processes and records related to BOE. We conducted this performance 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 did not review:

- Whether elections were conducted or counted in accordance with the Michigan Election Law.
- The implementation of Proposal 2 of 2018*.
- The implementation of Proposal 3 of 2018.
- IT controls over the database, operating system, or network that support QVF.
- The purchasing of voter equipment by local election officials.

All of the above items except the implementation of Proposal 3 of 2018 are not within the scope of the audit or were subject to review in other audits. Proposal 3 of 2018 was not implemented until the May 2019 election, and because of the lack of the number of individuals who participated in this election, we do not believe that there would be sufficient, appropriate evidence to provide a reasonable basis for a conclusion. Accordingly, we do not express conclusions on the above subjects.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2016 through April 30, 2019.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of BOE's operations to formulate a basis for establishing our audit objectives, scope, and methodology. During our preliminary review, we:

- Interviewed BOE management and staff regarding their functions and responsibilities.

* See glossary at end of report for definition.

- Reviewed applicable BOE operating procedures, sections of the *Michigan Compiled Laws*, prior audit reports, and Michigan election information available to the public.
- Analyzed QVF Legacy and QVF Refresh data and BOE expenditures.
- Analyzed eLearning Center data.
- Performed walkthroughs of BOE's review and publication of CFA, LLALAA, and CIRA submitted statements, reports, registrations, and complaints.

OBJECTIVE #1

To assess the sufficiency of BOE's efforts to maintain the integrity of QVF.

To accomplish this objective, we:

- Judgmentally sampled 34 of 84,628 discrepancies in names, dates of birth, and addresses between QVF Refresh and DLF as of May 8, 2019. Because we used a judgmental sample, we could not project our results to the entire population.
- Reviewed QVF Refresh for underage electors or electors with extraordinary ages.
- Reviewed QVF Refresh for registered electors with an address in a state other than Michigan.
- Reviewed QVF Refresh for registered electors with blank fields (name, date of birth, address, city, state, and zip code).
- Reviewed the QVF Legacy voting history for underage electors.
- Reviewed the QVF Legacy voting history for electors who voted more than once per election.
- Completed an independent verification to determine if deceased individuals were recorded as having voted in the 2018 primary election in QVF Legacy.
- Reviewed the QVF Legacy voting history for electors who voted while incarcerated.
- Reviewed the QVF Refresh system edit to ensure that noncitizens were not automatically added to QVF when updates occurred in DLF.

OBJECTIVE #2

To assess the effectiveness of selected application access controls over the QVF Refresh System.

To accomplish this objective, we:

- Reviewed the appropriateness of access rights for all 28 active QVF Refresh users with administrative access as of April 29, 2019.
- Reviewed the appropriateness of access rights for 33 of 3,191 active QVF Refresh users with nonadministrative access as of April 29, 2019. We randomly selected our sample to eliminate any bias and to enable us to project the results to the entire population.
- Reviewed the date of last log-in to QVF Refresh for 3,219 active users as of April 29, 2019 to identify users who had not accessed the system for a significant time period or who had never accessed the system.
- Reviewed BOE's process for granting, monitoring, and removing user access.
- Evaluated BOE's controls over access requirements.

OBJECTIVE #3

To assess the sufficiency of BOE's efforts to establish and provide training to county, city, and township officials who are responsible for conducting elections.

To accomplish this objective, we:

- Reviewed the Michigan Election Law to determine BOE's responsibilities related to the training of election officials.
- Reviewed training courses in the eLearning Center to determine whether BOE:
 - Established election training in the eLearning Center.
 - Provided training to local election officials.
 - Provided guidance distinguishing local-level and State-level responsibilities.
 - Included information that would allow election officials to be knowledgeable on the Michigan Election Law and trending election topics.

- Reviewed BOE's training records for 1,608 local clerks and 1,979 other local election officials to determine whether:
 - Clerks and other local election officials completed accreditation requirements.
 - Clerks completed continuing election education at least once every two years.
- Evaluated BOE's process to identify clerks and other election officials who completed the accreditation requirements.
- Evaluated BOE's processes to remove the accreditation of clerks who had not completed continuing education.
- Evaluated BOE's process of assigning training courses to local election officials.

OBJECTIVE #4

To assess the sufficiency of BOE's efforts to comply with the requirements of CFA, LLALAA, and CIRA.

To accomplish this objective, we:

- Randomly sampled 33 of 12,102 campaign statements filed from October 1, 2016 through April 30, 2019 to determine whether BOE:
 - Publicly provided statement information.
 - Reviewed the reports in a timely manner.
 - Assessed late filing fees.
 - Notified committees of errors and omissions.
- Randomly sampled 12 of 111 campaign finance complaints filed from October 1, 2016 through November 21, 2018 to determine whether BOE:
 - Notified the person against whom the complaint was filed in a timely manner.
 - Endeavored to correct or prevent further violations by using informal methods, such as a conciliation agreement in a timely manner.
- Randomly sampled 33 of 998 registration forms of lobbyists or lobbying agents whose active dates were from October 1, 2016 through April 30, 2019 to determine whether BOE:
 - Assessed late filing fees.

- Publicly provided registration information consistent with filed data.
- Randomly sampled 33 of 5,373 lobby reports for financial reporting years 2017, 2018, and 2019 through June 10, 2019 to determine whether BOE:
 - Reviewed the reports in a timely manner.
 - Assessed late filing fees.
 - Notified the filer of errors and omissions in a timely manner.
 - Identified expenditures as being for a public official when applicable.
- Randomly sampled 8 of 72 casino interest registration forms filed from October 1, 2016 through April 30, 2019 to determine whether BOE:
 - Publicly provided casino interest registration information consistent with filed data.
 - Assessed late filing fees for all 72 forms.

We randomly selected our samples to eliminate bias and to enable us to project the results to the respective populations.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

CONFIDENTIAL AND SENSITIVE INFORMATION

Because of the confidentiality of security configurations, we summarized our testing results in Finding #2, part d., and provided the underlying details to the SOS.

AGENCY RESPONSES

Our audit report contains 4 findings and 4 corresponding recommendations. The Department of State's preliminary response indicates that BOE agrees with all of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a

plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our May 2012 performance audit of the Bureau of Elections, Department of State (231-0235-11):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	QVF Voter History File	Rewritten*	1
2	Defining QVF Responsibilities	Complied	Not applicable
3	Guidance on QVF Access Controls	Complied	Not applicable
4	Promotion of Election Law Compliance Training	Rewritten	3
5	Expanding Availability of Accreditation Programs	Complied	Not applicable
6	Timeliness of CFA Statement and Report Review	Rewritten	4
7	Revision of Michigan Gaming Control Board Memorandum of Understanding	Complied	Not applicable
8	CIRA Reporting and Notification	Complied	Not applicable

SUPPLEMENTAL INFORMATION

Our audit report includes a map of the counties, cities, and townships in Michigan without a fully accredited election official. Our audit was not directed toward expressing a conclusion on this information.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

access controls	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
accreditation	BOE's process of validation in which local election officials are evaluated to determine their level of knowledge of Michigan's election process.
BOE	Bureau of Elections.
CFA	Campaign Finance Act.
CIRA	Casino Interest Registration Act.
driver's license file (DLF)	The SOS data file that contains all driver's licenses and includes all personal identification numbers.
DTMB	Department of Technology, Management, and Budget.
effectiveness	Success in achieving mission and goals.
eLearning Center	The Web-based application used by BOE to facilitate the distribution of training to local election officials.
elector	A person who has the right to vote in an election.
full accreditation	Documented completion of an initial training course and all continuing education assignments and subsequent training courses.
integrity	Accuracy, completeness, and timeliness of data in an information system.
LLALAA	Lobbyists, Lobbying Agents, and Lobbying Activities Act.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our

assessment of materiality is in relation to the respective audit objective.

Michigan Election Law

Sections 168.1 - 168.992 of the *Michigan Compiled Laws*.

OAG

Office of the Auditor General.

performance audit

An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

principle of least privilege

The practice of limiting access to the minimal level that will allow normal functioning. Applied to employees, the principle of least privilege translates to giving people the lowest level of user access rights that they can have and still do their jobs. The principle is also applied to things other than people, including programs and processes.

Proposal 2 of 2018

A proposed constitutional amendment to create a commission of citizens for redistricting purposes and authorize the commission to adopt reapportionment plans for Congressional, State Senate, and State House of Representatives districts.

Proposal 3 of 2018

A proposed constitutional amendment to regulate and authorize no-reason absentee voting, require a straight-party voting option on general election ballots, provide for automatic and Election Day voter registration, require post-election audits, and make other voting changes.

QVF

Qualified Voter File.

QVF Legacy

The original system used as the official file for the conduct of all elections held in the State. It was developed in the 1990s and has been rewritten to be more a modern, secure, and real-time Web-based system.

QVF Refresh

This system is the official file for the conduct of all elections held in the State and replaced QVF Legacy on August 15, 2019 in preparation for the 2020 election.

reportable condition

A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

rewritten

The recurrence of similar conditions reported in a prior audit in combination with current conditions that warrant the prior audit recommendation to be revised for the circumstances.

SOS

Secretary of State.



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