



**Report on the
Board of Elections
Budget Management**

**By Onondaga County Comptroller Matthew Beadnell
November 22, 2019**

REPORT INDEX

Report Section	Section Name	Page Number
I	Background and Executive Summary	2
II	Scope and Methodology	4
III	Findings and Recommendations	4
IV	Management's Response & Comptroller's Follow-up Response	10

SECTION I

BACKGROUND AND EXECUTIVE SUMMARY

Background

The Onondaga County Board of Elections is the County Office responsible for the conduct of elections within its jurisdiction. These responsibilities include, but may not be limited to, the registration of voters, certification of candidates for the ballot, maintenance and set-up of voting machines, appointment and training of Election Inspectors and Voting Machine Custodians, and canvassing and certifying of all election results.

We began a full department audit of the Onondaga County Board of Elections (BoE) in July 2019. We used a risk assessment process to determine the areas of the BoE financial operations to focus the audit on. In an effort to present timely audit findings and recommendations, we will be issuing interim reports as the various areas of operations are completed. This report is the first in the series.

Executive Summary

The County Division of Management and Budget has primary responsibility for the overall County budget development and monitoring. Each County department is assigned a Budget Analyst for assistance and oversight purposes. The County departments prepare and submit budget proposals to the Division of Management and Budget. Management and Budget reviews and analyzes the budget requests from the department and makes any changes they deem appropriate. The Division of Management and Budget and the County department work together to prepare the department budget and the County Executive submits an Executive Budget to the County Legislature for review and approval.

Interviews and field work indicate that BoE staff involved in the budget process is well organized however, there are no Board of Election departmental written policies, procedures, or directives pertaining to the budget development, management, and accounting processes. In addition, there appears to be a lack of basic training and understanding of budgeting, accounting, and the PeopleSoft accounting software. These deficiencies have led to significant accounting errors and budget shortfalls for the last three budget years, requiring significant budget adjustments during the year and at year-end.

Recommendations:

The BoE should consider:

- 1) Hiring a staff person with a fiscal background and title for BoE financial operations.*
- 2) Seeking out training from the appropriate County departments on the County budget process, budget procedures, PeopleSoft system, accounting procedures, etc. for BoE appropriate staff. Once BoE staff has received appropriate training, they should use PeopleSoft system capabilities to monitor and control the BoE expenditures and budget.*
- 3) Formalizing and documenting their budget development and monitoring processes and procedures.*
- 4) Developing improved methods for preparing their budget proposals. For example, they should use actual prior year expenditures as a starting point for developing their budget proposals.*
- 5) Requesting detailed estimates of interdepartmental charges from the various service departments. In addition, BoE should be requesting detailed invoices for interdepartmental services they are being charged for and review them for accuracy.*

By incorporating the recommendations above, the BoE will minimize year-end budget adjustments and less reliable budgeting practices. Consequently, their budget development, accounting, monitoring processes, and results will improve.

SECTION II SCOPE AND METHODOLOGY

Scope

We reviewed and analyzed the 2014 through 2018 budgets and actual expenditures, as well as the development and oversight of the 2014 through 2019 budgets.

Methodology

In order to accomplish our objectives we interviewed BoE staff and management, analyzed the budget preparation documents, analyzed the budget adjustments and results, and worked with BoE staff and management to develop our findings and recommendations below.

SECTION III FINDINGS AND RECOMMENDATIONS

The BoE does not have written policies or procedures pertaining to their budget development, monitoring, or accounting. The fiscal responsibilities for the department are performed by staff in Election Assistant (EA) titles. The duties assigned include budget development and oversight, in addition to other financial management duties. The current BoE staff did not receive training in budget development and monitoring or the PeopleSoft accounting software. In addition, based on our conversations, observations, and review of the accounting records it is our opinion the BoE staff assigned to fiscal responsibilities has not been properly supervised for budget development, monitoring, or accounting.

Our findings after we reviewed the BoE budget development, monitoring, and accounting processes include:

Budget Development

Proposed budgets are created using the LYNX budget application software. At the beginning of the budget development process the Division of Management and Budget issues a memo to all departments listing the parameters which are to be followed as the departments create their budget proposals.

A review of BoE's prior year's budget worksheets show draft budget figures for expenses are primarily based on the prior year's modified budget with adjustments for estimated expenditures for the budget year. Using this method may not take into account the actual expenditures that occurred during the prior year or any budget transfers that occurred when expenditures exceeded the budget, such as at year end. When the prior year's budget is being used as the starting point, the ensuing budget figure has a high risk of inaccuracies.

When the department completes their draft budget, they submit it to the Division of Management and Budget for review. The Division of Management and Budget and the County Executive may make changes prior to presenting the budget to the County Legislature.

Upon review of the BoE budgets approved by the Legislature for 2014 through 2019 we determined there were no any additional appropriations necessary beyond the original budget in 2014 and 2015. However, there were significant additional budget appropriations necessary in 2016, 2017, and 2018 (\$440,989, \$192,894 and \$433,025, respectively). We noted 2016 and 2018 were significant election years, including primaries.

Board of Elections Budget Adjustments					
2014 to 2018					
	2014	2015	2016	2017	2018
	Budget	Budget	Budget	Budget	Budget
	Adjustments	Adjustments	Adjustments	Adjustments	Adjustments
Total Salaries			122,547	17,726	65,441
Other Employee Wages		400,000	674,005	67,108	84,949
Supplies & Materials	(126)	7,500			48,000
Library Books & Mat					
Maint, Utilities, Rents			(10,762)		2,841
Professional Services		(7,500)	60,913		-
All Other Expenses		(400,000)	(507,651)		27,022
Travel & Training	1,000		7,500		915
Fum, Furnishing, Equip Budg					
Contigent Account	-	-	-	5,530	-
Subtotal Direct Appropriations	874	-	346,552	90,364	229,169
Employee Benefits - Interdepart			(19,187)		(915)
Interdepart Charges			113,624	102,403	204,771
Transfer to Debt Service Fund				127	-
Subtotal Interdepart Appropriation:	-	-	94,437	102,530	203,856
Total Appropriations	874	-	440,989	192,894	433,025

The method of budget development described above has led to under budgeting in the Total Salaries, Other Employee Wages, and Interdepartmental Charges categories for budget years 2016, 2017 and 2018, as shown in the table below.

BoE Budget vs Actual 2016-2018									
Expense Category	2016			2017			2018		
	Adopted	Expense	Difference	Adopted	Expense	Difference	Adopted	Expense	Difference
Total Salaries	791,975	914,522	(122,547)	742,665	760,390	(17,725)	790,832	856,272	(65,440)
Other Employee Wages	86,306	769,960	(683,654)	416,350	483,457	(67,107)	517,000	601,949	(84,949)
Interdepart Charges	178,085	291,709	(113,624)	154,714	257,117	(102,403)	148,707	353,478	(204,771)
	1,056,366	1,976,191	(919,825)	1,313,729	1,500,964	(187,235)	1,456,539	1,811,699	(355,160)

A review of prior years' BoE's budget work papers show the Division of Management and Budget pre-loads the budget amount for the Interdepartment Charges. We were informed by BoE fiscal staff that they do not know how this amount is determined. They receive little supporting documentation to describe what these charges are for and as a result, monitoring these expenditures is difficult. The BoE interdepartmental charge budget and expenditure results for the last 3 years were:

Year	Original Budget	Final Expenditures	Budget Adjustment	Explanation
2016	\$178,805	\$291,709	\$113,624	Year End Transfer ET16995
2017	\$154,714	\$257,117	\$102,403	Year End Transfer LV18008
2018	\$148,707	\$353,478	\$204,771	Year End Transfer LV19038

Each of the above budget transfers were due to interdepartmental charges from the IT department. Had the prior year actual expenditure been reviewed during budget preparations for the next year's budget, these transfers might have been minimized.

It is general practice for the County Legislature, via a legislative resolution, to annually authorize the County Comptroller; upon approval of the Division of Management and Budget; County Executives' Office; and Chairman of the Ways and Means Committee to adjust the budget for interdepartmental chargeback appropriation accounts and the corresponding interdepartmental revenue accounts at year end to match the actual amounts charged to expenditures for the year.

Other line items were under budgeted significantly, but not consistently, during the review period.

Budget Monitoring

We were informed budget monitoring is the responsibility of the BoE fiscal staff and the monitoring results are presented during the year at monthly BoE management meetings. The results of monitoring activities are discussed at the meetings and any necessary actions are decided by the Commissioners. Any necessary budget transfers are coordinated with the BoE assigned Budget Analyst with the exception of budget transfers for payroll and interdepartmental charges. Budget transfers for payroll lines are handled by the Division of Management and Budget at year end. Budget transfers for interdepartmental charges are handled by the Division of Management and Budget and the Comptroller's Accounting Division at year-end.

There were times during the years we reviewed when the BoE expenditures and encumbrances exceeded their approved budget. Budget adjustments that the BoE requested during the years we reviewed included:

Budget Adjustments requested by BoE 2014 - 2018				
	Account Name	Date Approved	Amount	Explanation
694010	Travel & Training	6/6/2014	1,000	From supplies to travel and training
641030	Other Employee Wages	10/9/2015	200,000	Budgeted in All other expenses
641030	Other Employee Wages	12/3/2015	200,000	Budgeted in All other expenses
693000	Supplies & Materials	11/24/2015	7,500	Unanticipated expenses
641030	Other Employee Wages	5/11/2016	450,000	Budgeted in All other expenses
694010	Travel & Training	6/16/2016	7,500	Budgeted in All other expenses
694080	Professional Services	8/2/2016	60,913	Expense not budgeted
641030	Other Employee Wages	12/1/2016	189,500	Add'l funds needed for temp workers
641010	Total Salaries	7/5/2017	66,271	From Contingent Account
693000	Supplies & Materials	12/31/2018	48,000	Unavoidable expenses due to large elections
694100	All Other Expenses	12/31/2018	27,000	Unavoidable expenses due to large elections

Current County budget process includes making large year end budget adjustments to “balance” the appropriation accounts with their associated expenditure accounts. These entries are done by the Division of Management and Budget. Specifically, with respect to the BoE, these year-end budget adjustments included:

BoE Year End Budget Transfers 2016-2018

Account #	Account Name	Date Approved	Amount	Total by Year	Explanation
641010	Total Salaries	12/31/2016	122.547		YE salary transfers
641030	Other Employee Wages	12/31/2016	34.505		YE salary transfers
691200	Employee Benefits	12/31/2016	170.313		YE transfers
694950	Interdepartment Charges	12/31/2016	113.624	440.989	YE transfers
641010	Total Salaries	12/29/2017	41.805		YE salary transfers
641010	Total Salaries	12/31/2017	29.455		YE salary transfers
641030	Other Employee Wages	12/31/2017	67.108		YE salary transfers
694950	Interdepartment Charges	12/31/2017	102.403	240.771	YE transfers
641010	Total Salaries	12/31/2018	65.441		YE salary transfers
641030	Other Employee Wages	12/31/2018	84.949		YE salary transfers
694950	Interdepartment Charges	12/31/2018	204.771	289.785	YE transfers

All entries were increases to the BoE budget.

Budget Accounting

The BoE fiscal staff were using an Excel spreadsheet to record expenditures and encumbrances and comparing them to the approved budget as part of their budget monitoring process, rather than using the County PeopleSoft system. We were told the spreadsheet was used because the staff had not been trained in the use of the PeopleSoft system.

In addition, during the period 2017 through June 2019 BoE fiscal staff miscoded grant expenses to the BoE general fund in PeopleSoft totaling over \$149,000. The effect of this miscoding inflated general fund expenses and deflated grant fund expenses during this time period (these findings and recommendations are addressed in a separate BoE Grants Management Audit Report).

Recommendations

The BoE should consider:

- 1) Hiring a staff person with a fiscal background and title for BoE financial operations.*
- 2) Seeking out training from the appropriate County departments on the County budget process, budget procedures, PeopleSoft system, accounting procedures, etc. for BoE appropriate staff. Once BoE staff has received appropriate training, they should use PeopleSoft system capabilities to monitor and control the BoE expenditures and budget.*
- 3) Formalizing and documenting their budget development and monitoring processes and procedures.*
- 4) Developing improved methods for preparing their budget proposals. For example, they should use actual prior year expenditures as a starting point for developing their budget proposals.*
- 5) Requesting detailed estimates of interdepartmental charges from the various service departments. In addition, BoE should be requesting detailed invoices for interdepartmental services they are being charged for and review them for accuracy.*

BoE should strive to reduce and eventually eliminate the necessity for year-end budget adjustments or over expenditures during the year. By incorporating the recommendations above, the BoE will minimize year-end budget adjustments and less reliable budgeting practices. Consequently, their budget development, accounting, and monitoring processes and results will improve.

SECTION III
MANAGEMENT'S RESPONSE



COUNTY OF ONONDAGA

Office of the Board of Elections

1000 ERIE BLVD WEST

SYRACUSE, NY 13204

DUSTIN M. CZARNY
COMMISSIONER

PHONE: 315-435-3312 • FAX: 315-435-8451
www.ongov.net/elections

MICHELE L. SARDO
COMMISSIONER

Matthew Beadnell
Onondaga County Comptroller
421 Montgomery St., 14th Floor
Syracuse, NY 13202

Re: Onondaga County Board of Elections Audit

Dear County Comptroller Beadnell,

Response from Commissioner Czarny,

I agree in general with the Comptroller's recommendations, however some clarification is needed that is not reflected in the report:

1) Hiring a staff person with a fiscal background and title for BoE financial operations.

The Board of Elections is a unique department as hiring is split between the two commissioners as representatives from the two major parties. The position of ELECTIONS ASSISTANT 3 has a Democratic and Republican representative. The Democratic representative historically dealt with Polling Place management while the Republican representative has had the budget and procurement responsibilities. At the end of 2018 after the budget errors from this position became apparent I insisted on a Democratic shadow for this position. This pairing has decreased some of the miscoding and errors emanating from this position, however it is still a work in progress. Election law would mandate any additional hires be in pairs for that reason.

2) Seeking out training from the appropriate County departments on the County budget process, budget procedures, PeopleSoft system, accounting procedures, etc. for BoE appropriate staff. Once BoE staff has received appropriate training, they should use PeopleSoft system capabilities to monitor and control the BoE expenditures and budget.

During the entire 2019 calendar year we have worked closely with the Office of Management and Budget to navigate from a straight claim system to using PeopleSoft and encumbering anticipated funds. There have been mistakes throughout the year that have been corrected due to coding errors by the BOE Budget analyst. I believe this transition has been a beneficial one and will result in a better accounting in future years.

3) Formalizing and documenting their budget development and monitoring processes and procedures.

Formalizing all BOE procedures has been a mission of mine for the last year. I will be seeking to adopt public meetings of the board and memorializing discussions in writing moving forward. This will not only help with budget development but the operation and transparency of the Board of Elections.

4) Developing improved methods for preparing their budget proposals. For example, they should use actual prior year expenditures as a starting point for developing their budget proposals. In addition, they should consider using not only base year budget needs but also building budget models for each type of election cycle, at each level of government and developing an effective method for estimating Total Salaries and Other Employee Wages.

In this recommendation I disagree with the conclusion. Budgets for the Board of Elections have always been based on the corresponding election within the 4 year Budget cycle. That cycle is Mayoral (City of Syracuse), Mid Term, County Executive, and Presidential. Each similar year we use the last cycle's budget as a baseline and then try to determine what Election law changes have occurred and estimate the changes to the budget. Unfortunately those budget recommendations are often subject to cuts at the Executive and Legislative level. While we try to spend within the adopted budgets, the overwhelming majority of our expenses are state mandated and cannot be avoided. In 2018 for example not only did we deal with cuts to our requested budget, we saw a dramatic increase in turnout (+43k voters or approximately a 25% increase) and registrations (+47k forms or approximately an increase of approximately 250%). There was no way to prepare for this increase when formulating a budget in the previous year as it is unlike any data we have seen over the past ten years. In fact 2017, 2018, and now 2019 have seen record turnouts and registrations compared to their previous cycles. We are adjusting budgets going forward but again are subject to the cuts by the Executive and Legislative level. We do have a mandate to spend the necessary funds needed to serve an election and are looking at creative ways to address these increases through use of grant funds in the future. Much of that spending comes at the end of the year after the general election and forces outside our control dictate that spending.

I believe it would be helpful for the Comptroller to compare our budget at the Onondaga County Board of Elections to budgets of other Boards of Elections throughout the state to get a comprehensive view on our spending. For example the Onondaga County Board of Elections, including commissioners, has 16 full time employees, that is 1 employee for every 18k voters. According to recent figures from the State Board of Elections, outside of New York City, Election Boards average 1 full time employee for every 9k voters. This should be considered and an evaluation done about whether more full time staffers will lessen our reliance on seasonal help and comp time to meet election deadlines, thus having more ability to forecast budgetary needs rather than adjusting after the general election.

5.) Requesting detailed estimates of interdepartmental charges from the various service departments. In addition, BoE should be requesting detailed invoices for interdepartmental services they are being charged for and review them for accuracy.

This recommendation I agree with in full and will be making that request to the Office of Management and Budget for the end of fiscal year 2019.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dustin M. Czarny", with a long horizontal flourish extending to the right.

Dustin M. Czarny
Commissioner of Elections



COUNTY OF ONONDAGA

Office of the Board of Elections

1000 ERIE BLVD WEST

SYRACUSE, NY 13204

DUSTIN M. CZARNY
COMMISSIONER

PHONE: 315-435-3312 • FAX: 315-435-8451

www.ongov.net/elections

MICHELE L. SARDO
COMMISSIONER

Matthew Beadnell, Comptroller
Onondaga County

With preparation of Early Voting for the first time here in NYS and the General Election I would like to apologize for the delay in my response.

In response, I am open to the recommendations that were given to our office regarding more training for our staff on the budget process, procedures, and the PeopleSoft system.

Please feel free to contact me at any time.

Thank you

Michele L Sardo
Commissioner of Elections



COUNTY OF ONONDAGA

Office of the County Comptroller

Matthew J. Beadnell
Comptroller

John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202-2998
(315) 435-2130 • Fax (315) 435-2250
www.ongov.net

James V. Maturo
Deputy Comptroller

Kim C. Hall
Assistant Deputy Comptroller

November 22, 2019

Office of the Board of Elections
Onondaga County
Commissioner Dustin Czarny
1000 Erie BLVD West
Syracuse, NY 13204

Dear Commissioner Czarny,

We appreciate your response to the draft Board of Elections Budget Management Audit Report. As with any audit, it is my goal to ensure the findings and recommendations are not only precise, but also clearly outline corrective measures. As such, I must respectfully address the following areas of concern you mention in your response letter:

1) Hiring a staff person with a fiscal background and title for BoE financial operations.

We believe the BoE needs and we are recommending they hire "...**a staff person with a fiscal background and TITLE for BoE financial operations.**" (*emphasis added*).

We believe Commissioner Czarny is referring to Election Law Section 3-300. The NYS Board of Elections in their 1979 Opinion #2 addresses the issue of "...the appointment of employees of the board of elections equal representation of the major political parties" from that law. An excerpt from the NYS Board of Elections 1979 Opinion #2:

"The equal representation provision of the statute is designed to insure that all policy decisions of the board of elections are of a bi-partisan nature. If the Commissioners of Elections delegate any policy making authority to the employees of the board, such delegation of authority must be done on a bi-partisan basis. However, in delegating

administrative responsibilities which do not have policy making prerogatives, it is not necessary to create a comparable title in order to have equal administrative responsibilities between board employees who hold the same administrative level position.

Therefore, the board is of the opinion that a county board of elections may designate an employee who has administrative duties as an office manager without creating a comparable title or duties for an employee of the other political party who holds the same level position."

We don't believe a fiscal person in that title would require a shadow position (see opinion below) because the Commissioners will be "*...delegating administrative responsibilities which do not have policy making prerogatives.*"

As an alternative to hiring a fiscal person, the BoE Commissioners can consider asking Financial Operations to provide their fiscal support.

4) Developing improved methods for preparing their budget proposals. For example, they should use actual prior year expenditures as a starting point for developing their budget proposals. In addition, they should consider using not only base year budget needs but also building budget models for each type of election cycle, at each level of government and developing an effective method for estimating Total Salaries and Other Employee Wages.

While Commissioner Czarny may be correct in asserting changes have been made to the BoE proposals by the Executive and Legislature, we asked for, but did not receive, the original budget submitted by BoE to Executive for 2018. He may also be correct in stating BoE tried to adjust for budget cycles in their budget proposals. We removed that part of Recommendation 4 from the report. However, as we point out in the finding and the Commissioner confirmed in his response, BoE started building their budget with the last cycle's budget rather than actual expenditures. This is a serious flaw in their budget process and must be addressed. In addition, they overspent their budgets for the years in question. While the BoE may have some discretion to meet NYS BoE requirements, a department doesn't get to decide how much they can spend. BoE should make their case to the Executive and Legislature on NYS BoE mandated expenditures and iron out their differences as the budget is being developed and/or during the year as unexpected expenditures arise.

Again, thank you for providing feedback. Your response has been included as an attachment to our final report.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Beadnell". The signature is written in a cursive style with a large initial 'M' and 'B'.

Matthew J. Beadnell
Onondaga County Comptroller