



Deschutes County, Oregon

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County Clerk Transition

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HIGHLIGHTS	County Clerk Transition
<p>Why this audit was performed: To review the County Clerk's transition.</p> <p>What is recommended Recommendations include:<ul style="list-style-type: none">• documenting transitional information;• developing contracts and contract renewals with significant vendors;• addressing access to Clerk's Office;• addressing recommendations from the Office of Homeland Security;• using a log to track procurement card use;• improving the audit trail for recording; and• amending County code 8.35.070(D) to direct the notification responsibilities to a more appropriate party than the County Clerk.</p>	<p>The County Clerk position is in transition on the July 2021 retirement of the County's County Clerk, Nancy Blankenship. Internal audits are performed when elected positions transition. Key responsibilities of the County Clerk include elections, recording, and safe keeping of County records. The Board of County Commissioners have appointed Steve Dennison as <i>Interim</i> County Clerk.</p>
	<p>What was found The County does not require transition plans for department heads or elected officials. However, a transition plan can provide an important path to picking up where one person leaves off and another starts. Certain inquiries were made of the operations to assure a smooth transition.</p> <p>Overall, the Clerk's Office performed well in providing fiscal controls. Additional areas noted for improvement, including:</p> <ul style="list-style-type: none">• Some contracts and contract renewals needed;• Facility access permissions to Clerk's Office should be monitored;• Security consultation recommendations still need action;• Control over shared use of procurement card could be strengthened; and• Audit trail for receipts in recording software could be improved. <p>County code (8.35.070) currently authorizes and directs the County Clerk to provide noxious weed information to persons having certain machinery. The County Clerk is not involved with this as it is a Road Department program.</p>

1. Introduction

1.1 BACKGROUND ON AUDIT

Audit Authority:

The Deschutes County Audit Committee authorized the review of the County Clerk Transition in the Internal Audit Program Work Plan for 2022 2023. Internal audit has had a practice of reviewing operations for elected officials on transition in their office. The County Clerk, Nancy Blankenship, submitted her notice of retirement on May 19, 2021 and her last day as County Clerk is July 31, 2021.

On June 16, 2021 Steve Dennison was appointed by the Board of County Commissioners to complete the balance of the County Clerk's term through the November 2022 election. The *Interim* County Clerk, Steve Dennison, currently meets the limited eligibility requirements for the position. Steve Dennison has been working in the County Clerk's Office as the Elections supervisor since August 2017. He will start his role as *Interim* County Clerk on August 1, 2021.

1.2 OBJECTIVES and SCOPE

Objectives:

The objectives were.

- 1) Review transition plans to see if there are areas that could be improved;
- 2) Do a fiscal checklist review with staff, covering at least procurement card transactions, cash register monies, and receivables;
- 3) Review significant software access privileges for the Clerk's Office;
- 4) Review Clerk's Office physical security and access;
- 5) Spot test custodial records held in the safe of important County documents; and
- 6) Be aware of any issues with compliance with County policy, federal and state regulations and requirements, as may be applicable for these objectives.

Scope and timing:

The audit commenced in June 2021 and continued into July 2021. Reviewed the Clerk's Office funds (Funds 001-005 and Fund 218).

1.3 METHODOLOGY

Audit procedures included:

- Interviewed staff on practices and procedures;
- Analyzed general fiscal information on Clerk's Office funds including accounting, procurement card purchases, and vendor payments;
 - Inquired about control procedures outlined by County Policy F-11: Cash Handling Practices.
- Reviewed Office documentation on policies, procedures, and business continuity plan;
- Inquired about transition plans;
- Tested inventory of County assets held for safe keeping;
- Reviewed the prior recommendations on cash handling; and
- Reviewed applicable Oregon constitution and statutes and Deschutes County Code.



This statement is your assurance that the audit was performed in accordance with professional standards.

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.

(2018 Revision of Government Auditing Standards, issued by the Comptroller General of the United States.)

1.4 BACKGROUND ON DESCHUTES COUNTY CLERK'S OFFICE

"The County Clerk is also the chief election official of the County. The office plans, coordinates and conducts all elections in Deschutes County. It ensures that elections are conducted according to statute and other related requirements. The County Clerk is the official keeper of all public records for the County. The Clerk's Office is responsible for processing all real property transactions, plats, Commissioners' Journal documents and Board of Property Tax Appeal petitions for Deschutes County. In addition, the Clerk's office oversees the Archive/Records Center."

Source: County website

"You always want to leave when things are going well and I am leaving the Clerk's Office in great hands," Blankenship said. "It is time to pass the baton to the next generation."

"I am honored to have been appointed by the Board of County Commissioners to serve as interim County Clerk," Dennison said.

Deschutes County Clerk - Nancy Blankenship

Deschutes County Clerk Nancy Blankenship took office in January 2003. She received the 2004 Secretary of State (SOS) Pioneer Award for Voter Friendly Ballot Project and the 2006 Secretary of State Appreciation to the Success of the Oregon Centralized Voter Registration Project.

Ms. Blankenship was previously with the City of Redmond as recorder and other similar responsibilities for sixteen years.

Ms. Blankenship announced her retirement earlier this spring and recommended Steve Dennison's appointment to the Board of Commissioners. Ms. Blankenship's last day will be July 31, 2021.

Interim County Clerk - Steve Dennison

Mr. Dennison has been working for the Deschutes County Clerk's Office since 2017 as a supervisor over elections. He supervises and manages many aspects of the elections process within the office and is active in the Oregon County Clerk's Association.

Mr. Dennison's has worked in elections in many capacities for over 20 years. He started work with an election technology vendor in 2001, working as a technical resource and trainer. He also worked as an account manager traveling the country supporting elections and implementing voting systems for

jurisdictions of all sizes. In 2007, he managed all technical aspects of the elections office for San Mateo County. This included programming their ballots in 3 to 6 different languages. He also managed the election results tabulation process.

Mr. Dennison graduated from Eastern Nazarene College in Quincy, MA with an Associate's in Business Administration.

His appointment is effective August 1. He will complete the remainder of County Clerk Nancy Blankenship's term, which ends in 2022. He will need to run in one or more elections in 2022 to continue in this role.

County Clerk - upcoming election

The County Clerk election will occur in November 2022. Depending on the number of candidates running for the office, a runoff election may occur in the May election if there are more than two candidates. The top two candidates (in May) will move forward to the November election. If there are two or fewer candidates (by the May election) they will move automatically on to the November election. Candidates must file for the position by early March 2022.

Clerk's Office - Financials

The Clerk's Office is part of the County's general fund. The Clerk's Office generates fees from a majority of their services based primarily on state established fee rates. The largest revenue element is filing and recording fees, which have benefitted recently from the current economy.

The General Fund, overall, is a net beneficiary of the Clerk's Office activities in recent years. As seen in the following **Chart I**, in the last five years the Clerk's Office has contributed over \$2.1 million to the general fund.

Chart I

Trend in accounting for Clerk's Office funds

	Fiscal Year	2016	2017	2018	2019	2020	2021*
<u>General Fund - County Clerk's Office (Fund 001-05)</u>							
Revenues	\$ 1,734,031	\$ 1,964,755	\$ 1,808,886	\$ 1,714,881	\$ 2,255,729	\$ 3,061,148	
Expenditures	1,509,233	1,749,958	1,594,344	1,668,329	1,712,795	1,950,193	
Revenues over expenditures	\$ 224,798	\$ 214,797	\$ 214,542	\$ 46,553	\$ 542,933	\$ 1,110,955	
<u>County Clerk Records (Fund 218)</u>							
Revenues	\$ 115,587	\$ 118,659	\$ 117,185	\$ 108,251	\$ 137,106	\$ 182,716	
Expenditures	128,792	122,624	110,162	120,026	110,350	120,750	
Revenues over(under) expenditures	\$ (13,204)	\$ (3,966)	\$ 7,023	\$ (11,774)	\$ 26,756	\$ 61,966	
Revenues over expenditures -							
Memorandum Total	\$ 211,594	\$ 210,832	\$ 221,564	\$ 34,778	\$ 569,689	\$ 1,172,920	
As a % of Revenues	11%	10%	12%	2%	24%	36%	

Source: County financial systems * based on data pulled 7/1/2021 that may not be final

County Clerk Records fund (Fund 218) deposits five percent of designated recording fees in a separate fund to be expended for storage and retrieval systems; maintaining and restoring records; and the cost incurred in collecting the fee (ORS 205.320(18)). These funds are restricted for these purposes and are not swept into the general fund, as are other Clerk's Office resources.

Overall, the memorandum total of revenues over expenditures indicates the Clerk's Office performance is positive and has been improving. As a percentage (%) against all revenues, this shows continued improvement. If you look further back in time you will see that this percentage used to be even higher in the earlier 2000's.

2. Findings and Observations

The audit included procedures to assess certain areas of the County Clerk's transition. Audit findings result from incidents of non-compliance with stated procedures and/or departures from prudent operation. The findings are, by nature, subjective. The audit disclosed certain policies, procedures and practices that could be improved. The audit was neither designed nor intended to be a detailed

study of every relevant system, procedure or transaction. Accordingly, the opportunities for improvement presented in the report may not be all-inclusive of areas where improvement may be needed and does not replace efforts needed to design an effective system of internal control.

A significant deficiency is defined as an internal control deficiency that could adversely affect the entity's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The findings noted were not considered significant deficiencies.

2.1 TRANSITION OF COUNTY CLERK POSITION

Establishing a transition plan could be useful to transitioning the Clerk's Office.



*Transition plans
are almost always
appreciated.*

The County does not require transition plans for department heads or elected officials. However, a transition plan can provide an important path to picking up where one person leaves off and another starts. The County Clerk position as an elected official does not have a customary job description. So, it is even less clear all that is entailed in being the County Clerk.

Transition plans are a bit of an art form, but a common theme in preparing them includes identifying:

- responsibilities by occurrence (daily, weekly, annual, etc...);
- close-to-completion projects;
- in-progress projects;
- process lists for things done routinely;
- critical contacts; and
- important resources, tools, and accounts/passwords.

It is likely any transition plan will reinforce all of the work involved and help make sure the work continues without missing a beat. It also will be a critical resource for those that follow. In its absence, some things may be missed.

It is recommended for the County Clerk to document this transitional information noted above for their successor.

Transition inquiries:

In meetings with the County Clerk and *Interim* County Clerk, a number of identified areas were discussed for transition. These areas and topics included:

- Service area transitions within the Office, including
 - elections,
 - recording,
 - marriage licenses,
 - passports,
 - County business licenses,
 - found property,
 - Board of Property Tax Appeals (BOPTA), and
 - fees.
- software and firmware updates,
 - transitioning of passwords and significant rights,
- computer files and resources,
- website,
- contracts and significant vendors,
- procurement cards,
- Clerk's Office facility card reader access,
- County Clerk's current task lists,
- library resources,

- Office duties shared, and
- other handoffs.

The Oath of Office to Steve Dennison was performed on July 16, 2021 by Nancy Blankenship.

The Clerk's Office has established significant written procedures over elections, recording, and business continuity. The Office should be applauded for the quality and extent of these written procedures as they are a significant resource for all staff to continue the work of the Office.

2.2 FISCAL OBSERVATIONS

Overall, the Clerk's Office performed well in providing fiscal controls. The following observations are noted to help further improve the procedures put into place.

Additional areas noted for improvement.

The Clerk's Office has many well defined procedures. During observations, discussions, and analyses, a couple of areas were noted for improvement.



Some important contracts have expired.

- Some contracts and contract renewals needed.

The Clerk's Office has a couple of significant vendors that could require contracts or contract renewals. These main vendors include:

- Helion Software: This software contract expired in 2017. Over \$200 thousand has been expended since it expired.
- Ryder Election Services: Currently, there is no contract for this ballot printing service provider and amounts can vary significantly by election. Over \$149 thousand has been expended with Ryder in FY 2021 on the November 2020 and May 2021 elections.
- Clear Ballot Group: This software contract just recently expired June 30, 2021.

- Fluence Automation: This software contract will expire in December 2022.

The *Interim* County Clerk should review County Code 2.36 and 2.37 to make sure to address for each vendor whether competitive bids are required and who should approve. Currently, many of these contracts are paid through individually approved invoices. Each is reviewed and approved based on the value of the individual invoices.

The County financial system allows the entry of contracts, which makes for a more efficient and effective process. This allows any associated invoices to be paid without a secondary set of approvals.

Having these contracts entered in Munis allows tracking of contract expiration dates; insurance; other terms; and gathering appropriate authorizations based on the overall contract amount.

It is recommended for the Clerk's Office identify and proceed with developing contracts and contract renewals with significant vendors.

{As of the issuance of this report, the Clerk's Office has initiated the contracting process to get these resolved.}

It is recommended the Clerk's Office enter any contracts into the County financial system as contracts so that effective approvals and contract management can occur.

- Facility access permissions to Clerk's Office should be monitored.

A review of facility card access permissions indicated some permissions that could be removed.

Permissions can allow door access during business hours, after hours, and to areas that are tightly controlled within the Clerk's Office.

County Facilities, Information Technology, and Human Resources departments maintain the permissions for facility access cards for the Clerk's Office. These permissions have been reviewed in the past when additional security measures were added.

Changes to access permission settings are made at the direction of the Clerk's Office. However, there is no routine review.

It is recommended the Clerk's Office periodically (at least annually) request a report of the access cards with access to their offices.

It is recommended for the Clerk's Office to suspend any access they deem inappropriate.

{As of the issuance of the report, the Clerk's Office had requested for certain changes and those have been made.}

- **Security consultation recommendations still needing action.**

The Clerk's Office received some recommendations from the US Department of Homeland Security to strengthen security for the Office. Many of these could also be taken as improvements to overall facility security. As you would expect, the details of the Homeland Security recommendations are confidential. They were reviewed with the County Clerk to see if these have been fully addressed. Some of them have not been fully addressed. As you would expect, some of the recommendations can take more time or resources to accomplish.

It is recommended for the County to consider addressing the remaining recommendations from the Office of Homeland Security.



- Control over shared use of procurement card could be strengthened.

The Clerk's Office procurement card is secured when not in use, but it is shared when needed by those within the Office. Purchases are made and then the card and receipts are returned.

When a procurement card is shared, it is not always easy to determine who took the card when and used it for what.

The access to the procurement card is pretty limited, and there have not been any issues with missing receipts.

It is recommended for more effective control to use a log to track who checked out/in the procurement card (date/time) and any associated expenses made while in that person's custody.

{This recommendation could be affected by Finance policy changes for procurement cards}

{As of the issuance of this report, the Clerk's Office has instituted a log for their procurement cards.}



*Audit trails
should allow
retracing of original
entries made.*

- Audit trail for receipts in recording software could be improved.

The recording software for payments received tracks when receipts are voided or changed and collects a brief reason. However, the audit trail does not retain what the record was previously. This is an important part of the audit trail and would indicate the who changed the receipt, date, amount, and nature of the transaction.

In its absence, it is difficult to ascertain the appropriateness of the change.

Without a sufficient audit trail it might be possible for payments received to not be deposited.

There is no indication of any inappropriate voids or changes, and many services in the Clerk's Office require an associated payment to have a valid recording.

It is recommended for the Clerk's Office to see if the recording software provider can further improve the audit trail.

2.3 COUNTY CODE

County noxious weed code directs County Clerk to provide information.

County code (8.35.070) currently authorizes and directs the County Clerk to provide noxious weed information to persons having certain machinery. This is part of the County's noxious weed program.

The County Road Department's noxious weed program has not seen any requests for this information and the Clerk's Office is in no way involved with the program or in distributing copies of this information.

It seems that the Clerk's Office should not be cited in the County Code for this responsibility and that this should be directed to the Road Department.

It is recommended for the County to amend code section 8.35.070(D) to direct the notification responsibilities to a more appropriate party than the County Clerk.

4. Management responses

County Clerk,
Nancy
Blankenship



County Clerk

Date: July 28, 2021
To: David Givans, County Internal Auditor
From: Nancy Blankenship, Deschutes County Clerk
Re: Response to Clerk's Office Transition Report, #2021-11

- 1. It is recommended for the County Clerk to document this transitional information noted above for their successor.***
Agreed. Clerk will complete a transition plan.
- 2. It is recommended for the Clerk's Office identify and proceed with developing contracts and contract renewals with significant vendors.***
Agreed. Clerk's Office is in the process of drafting a renewal contract with Helion Software and Clear Ballot Group and an initial contract with Ryder Election Services. The Clerk's Office will initiate a renewal contract with Fluence Automation by the spring of 2022.
- 3. It is recommended the Clerk's Office enter any contracts into the County financial system as contracts so that effective approvals and contract management can occur.***
Agreed.
- 4. It is recommended the Clerk's Office periodically (at least annually) request a report of the access cards with access to their offices.***
Agreed.

**County Clerk,
continued**

5. ***It is recommended for the Clerk's Office to suspend any access they deem inappropriate.***
Agreed. Following the Clerk's Office review of the access reports, Facilities, IT and HR ceased the access deemed inappropriate as requested.
6. ***It is recommended for the County to consider addressing the remaining recommendations from the Office of Homeland Security.***
Agreed. The Clerk and Election Supervisor reviewed the remaining recommendations and determined them to be either complete, in process or for future consideration.
7. ***It is recommended for more effective control to use a log to track who checked out/in the procurement card (date/time) and any associated expenses made while in that person's custody.***
Agreed. The log has been created and implemented.
8. ***It is recommended for the Clerk's Office to see if the recording software provider can further improve the audit trail.***
Agreed. The Clerk's Office will submit a request to the provider to improve audit trails as recommended.
9. ***It is recommended for the County to amend code section 8.35.070(D) to direct the notification responsibilities to a more appropriate party than the County Clerk.***
Agreed.

**Interim County
Clerk,**
Steve Dennison
(appointed)



County Clerk

Date: July 29, 2021
To: David Givens, County Internal Auditor
From: Steve Dennison, Elections Supervisor

Interim County Clerk, continued

Re: Response to Clerk's Office Transition Report, #2021-11

2.1 TRANSITION OF COUNTY CLERK POSITION

It is recommended for the County Clerk to document this transitional information noted above for their successor.

I agree with the auditors' comments, and the following (to the best of my knowledge) action will be taken by Nancy before she leaves. She is taking the recommendation of the auditor and logging this information.

2.2 FISCAL OBSERVATIONS

It is recommended for the Clerk's Office identify and proceed with developing contracts and contract renewals with significant vendors.

I agree with the auditors' comments, and the following action. We are currently working to put a contract in place with the vendor identified in this recommendation. Our goal is to have all contracts current and managed within Munis by fall, 2021. We will work to have the Fluence Automation contract renewed by spring of 2022.

It is recommended the Clerk's Office enter any contracts into the County financial system as contracts so that effective approvals and contract management can occur.

I agree with the auditors' comments, and the following action will be taken on each contract currently in place. Contracts and status have been identified. Corrective action will take place. Our goal is to have all contracts current and managed within Munis by fall, 2021.

It is recommended the Clerk's Office periodically (at least annually) request a report of the access cards with access to their offices.

I agree with the auditors' comments. The Clerk's Office will request a report of the access cards with access to our office doors on an annual basis.

It is recommended for the Clerk's Office to suspend any access they deem inappropriate.

I agree with the auditors' comments. If the access card report identifies that any cards have access to areas within our office that are not appropriate, we will work with Facilities and IT to have the access removed.

Interim County Clerk, continued***It is recommended for the County to consider addressing the remaining recommendations from the Office of Homeland Security.***

I agree with the auditors' comments, and the following action will be taken. We reviewed the list items identified by the Homeland Security and notated their current status.

It is recommended for more effective control to use a log to track who checked out/in the procurement card (date/time) and any associated expenses made while in that person's custody.

I agree with the auditors' comments. A log has been created to track the activity of the procurement card.

It is recommended for the Clerk's Office to see if the recording software provider can further improve the audit trail.

I agree with the auditors' comments, and the following action will be taken by contacting vendor that manages this software. A software change will need to be made and the timeframe of this update is currently unknown.

2.3 COUNTY CODE***It is recommended for the County to amend code section 8.35.070(D) to direct the notification responsibilities to a more appropriate party than the County Clerk.***

I agree with the auditors' comments. The county code should be modified to remove the County Clerk from this section.

Facilities Department Director, Lee Randall***It is recommended the Clerk's Office periodically (at least annually) request a report of the access cards with access to their offices.******It is recommended for the Clerk's Office to suspend any access they deem inappropriate.***

The Facilities Department agrees with recommendations related to access control. The department will work closely with the Clerk's Office in the future to provide reports upon request and assist in regular reviews of the access control system.

**Road
Department
Director,
Chris Doty**

It is recommended for the County to amend code section 8.35.070(D) to direct the notification responsibilities to a more appropriate party than the County Clerk.

Your recommendation is appropriate, however given the process and expense required to change code, I would recommend that the County Clerk be removed from any mention upon a future update of the code section, rather than initiating a code modification just for this portion. There is probably need to update 8.35 more than just that particular provision.

{End of Report}

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