

INVESTIGATION REPORT
OF
CONTRIBUTION VERIFICATION
OFFICE OF THE CITY CLERK
REPORT NO. 09-204



CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT AND INVESTIGATIONS

Investigation Report
Office of the City Clerk - Contribution Verification
Report No. 09-204
Executive Summary

Background: The Office of Internal Audit and Investigations conducted an investigation concerning the validation process of qualifying contribution receipts for applicant candidates running for election and an allegation of possible sabotage of receipt verifications by co-worker(s) towards an employee of the Legal Department (Legal), Office of the City Clerk (City Clerk). In an interoffice memorandum dated April 8, 2009, the Interim City Clerk requested an investigation of the integrity of the receipt verification process and the allegation of sabotage.

In 2005, City Charter Article XVI, Open and Ethical Election Code was created to provide a system of public financing of municipal elections. The 2009 election is the first Mayoral election eligible for public financing. A candidate choosing public rather than private financing must qualify for public funding.

Objective: *Is there a lack of integrity in the receipt verification process?*

- The City Clerk lacked written policies and procedures regarding the verification of Qualifying Contribution receipts.
- The vault room is kept open and not secure.
- There was lack of professional training on signature verification.

Recommendations: We make the following recommendations:

Legal should implement written policies and procedures that includes the following:

- Receipt booklets with pre-printed numbers;
- Random checks of all candidate accepted and rejected receipts;
- Management hands out the receipt booklets to employees for verification;
- Management maintains custody of a numerically pre-numbered receipt booklet sign out sheet;
- Add an extra verification item to the receipt, such as birth date or last 4 digits of a social security number to decrease the amount of time and guess work in the process. This information is already on the Secretary of State and Bernalillo County Clerk's Voter Registration site;
- Employees take breaks away from their desk to reduce human error; and
- Random calls to voters to verify the person donated and signed the Qualifying Contribution receipt.

Legal should implement a policy where the vault room is locked and secured at all times.

Legal should implement written policies and procedures requiring each employee involved in the process read and sign, acknowledging that they understand the process of verifying Qualifying Contribution receipts.

Legal should have a professional train employees on signature verification. The training would increase the employee's knowledge and skills in recognizing patterns and would reduce the subjectivity involved in the process.

Objective: *Is there evidence to support the allegation of sabotage?*

Comment: An employee of the City Clerk, the Interim City Clerk and Acting Assistant City Clerk had a meeting to discuss the conduct of the employee. (The employee in question had problems in the past and was transferred to another division and then sometime later transferred back.) During this meeting the employee allegedly made an allegation of sabotage towards her work and became defensive towards the two.

The alleged allegation of sabotage was reported to OIAI by an interoffice memorandum from the interim City Clerk along with a memo written by the Acting Assistant City Clerk

The employee who reportedly made the allegation that someone sabotaged her work stated she did not make any such allegation.

In observing the process and interviewing the employees, we could not determine that there was any sabotage. There was some lack of internal controls as noted in this report.

Management responses are included in the report.



City of Albuquerque
Office of Internal Audit and Investigations
P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

October 5, 2009

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Investigation: Contribution Verification
Office of the City Clerk
09-204

FINAL

INTRODUCTION

The Office of Internal Audit and Investigations (OIAI) conducted an investigation concerning the validation process of Qualifying Contribution receipts for applicant candidates running for election and an allegation of possible sabotage of an employee's work at the Legal Department (Legal), Office of the City Clerk (City Clerk). In an interoffice memorandum dated April 8, 2009, the Interim City Clerk requested an investigation of the integrity of the receipt verification process and an allegation of sabotage by an employee. Based on this request, we evaluated the receipt verification process and investigated the allegation of sabotage.

The City Clerk is responsible for activities encompassing City elections. The City Clerk is responsible for promulgating regulations as required by the Open and Ethical Elections Code (Charter of the City of Albuquerque, Article XVI). The regulations provide procedures and campaign deadlines that must be followed by candidates running for Mayor or City Council who elect to seek eligibility to receive public funds.

BACKGROUND AND EVENTS

In 2005, City Charter Article XVI, Open and Ethical Election Code was created to provide a system of public financing of municipal elections. The 2009 election is the first Mayoral election eligible for public financing. A candidate choosing public rather than private financing must qualify for public funding.

The intent of the Open and Ethical Elections Code is to:

- Avoid both actual and undue influence of large campaign donors
- Diminish the public perception of corruption and strengthen public confidence
- Provide well-qualified candidates with adequate funding
- Increase the accountability of elected officials to their constituents
- Insure that the City's Council and Mayoral election process is fair, responsible and ethical

The City Clerk is required to establish regulations and election calendars that the Mayoral and Council candidates shall follow under the Open and Ethical Elections Code. The Open and Ethical Elections Code requires each applicant candidate to solicit a \$5.00 Qualifying Contribution from a registered City Voter.

- Mayoral Applicant Candidates shall obtain \$5.00 Qualifying Contributions from a minimum of one percent of City registered voters.
- Council Applicant Candidates shall obtain \$5.00 Qualifying Contributions from a minimum of one percent of City registered voters within the City Council District to which the Applicant seeks election.

The Qualifying Contribution receipt includes the following:

- Name of Candidate
- Date the Qualifying Contribution was solicited
- Name and residential address of the contributor
- Printed name and signature of contributor
- Signature of the Candidate's representative

If an Applicant Candidate meets the requirement and is certified as a Participating Candidate, they receive \$1.00 per registered voter.

The City Clerk utilizes eleven of the thirteen employees in its division and 4 employees from the Legal Division during the verification of the Applicant Candidate's receipts. About half of the employees had prior experience in the receipt verification process. The employees have to verify 3,287 Qualifying Contribution receipts per Mayoral Applicant Candidate.

The City Clerk uses the Secretary of State and Bernalillo County Clerk's Voter Registration site (SVR) to verify the contributor's name, address, and signature against the information on the receipt. For the 2009 City election, the Bernalillo County Clerk's office created a separate City database on

the SVR allowing the City to enter receipts as accepted, rejected or pending. Each employee has their own log-in to access the site. Currently the City Clerk uses a form titled "Petition Form Verification Protocol", called the "Matrix" in the receipt verification process. The City Clerk uses the Matrix as a guide to highlight differences between the receipt and the SVR. An employee can either accept or reject a receipt, or assign it as pending if a determination cannot be made. When a receipt is rejected, the City Clerk employee will enter the reason into the SVR City database and if it is designated as pending, management will make a final decision. According to management, a report from the SVR is viewed daily detailing the number of receipts accepted and rejected.

On March 16, 2009, the Interim City Clerk stated that an employee made an allegation that mistakes found in verifying receipts she had checked were not made by her, but must have been the result of sabotage.

OBJECTIVE

The objectives of our work were to determine:

- Is there a lack of integrity in the receipt verification process?
- Is there evidence of employee sabotage?

SCOPE

The scope of our work was limited to:

- February 2009 through April 2009;
- City Clerk employees;
- Qualifying Contribution receipt review process.

METHODOLOGY

The methodologies used during our work consisted of:

- Review of Article XVI. Open and Ethical Elections Code;
- Review of 2009 Regulations of the Albuquerque City Clerk for the Open and Ethical Elections Code (City Clerk Rules);
- Interviews of City Clerk personnel deemed necessary to attain a conclusion regarding our objectives;
- Review of 2009 Election Calendar Summary of Campaign Deadlines;

- Review of Petition Form Verification Protocol (Matrix);
- Review Qualifying Contribution receipts for candidates;
- Review of Secretary of State and Bernalillo County Clerk's Voter Registration site;
- Review of City Clerk employee memos;
- Internet search for "Best Practices".

Our investigation was conducted in accordance with fraud investigation techniques, including examination of records, documents, interviews with appropriate personnel, and other evidence-gathering procedures as necessary under the circumstances.

FINDINGS

We make recommendations, when appropriate, regarding areas noted during the investigation that we believe could improve the department's effectiveness, efficiency and compliance with administrative policies and applicable rules and regulations. These recommendations could prevent future fraud and provide controls that would detect fraud.

1. LEGAL SHOULD IMPLEMENT WRITTEN POLICIES AND PROCEDURES REGARDING VERIFICATION OF QUALIFYING CONTRIBUTIONS.

In interviewing employees and reviewing the process for Qualifying Contribution receipts we found there are no written policies and procedures. Currently the City Clerk uses a one page form called the Matrix in verifying receipt information to that on the SVR. It instructs employees on items to highlight on the receipt if it does not match information on the SVR. The Matrix focuses on the address, name, and color to highlight if there is a difference between the receipt and the SVR. The form has no instruction on signature verification other than "Voter Signature is always required". There are no written policies on how the process should be done from start to finish and what to do if a problem arises.

When checking out receipt booklets, employees have to access the vault room where the receipt booklets are stored and sign out for the receipt booklets on a log sheet. The log sheet contains columns for:

- Date
- Signed out by/Time
- Book number
- Returned time/initials.

The receipt booklets are numbered by City Clerk staff on acceptance back into the office and some have different numbers that candidates have already written in. This process could lead to multiple booklets numbered the same and/or writing the wrong number on the log sheet. As the receipt booklets are checked out, the booklet numbers are scattered throughout the log sheet which could lead to some confusion in identifying booklets that have been verified. When the employee has completed verifying the receipt booklets, they return them to the vault and initial and indicate the time they were returned on the log sheet.

Management is not conducting random checks of receipts verified by each employee. In an isolated incident, management did have an employee check one candidate's rejected receipts. The employee checking the rejected receipts found receipts from three employees that should have been accepted. Management did not check all the candidates rejected receipts, there may be rejected receipts that should have been accepted.

The City Clerk with the assistance of the City Attorney shall adopt rules to insure effective administration of the Open and Ethical Elections Code. (*Open and Ethical Elections Code Section 19, administrative – clerk – duties ROA 1994*)

RECOMMENDATIONS

Legal should write policies and procedures that include the following:

- Receipt booklets have pre-printed numbers;
- Random checks of all candidates accepted and rejected receipts;
- Management hands out the receipt booklets to employees for verification;
- Management maintains custody of a numerically pre-numbered receipt booklet sign out sheet;
- Add an extra verification to the receipt, such as birth date or last 4 digits of a social security number reduces human error in the process. (Example: If ten people have the same name, having a birth date or last 4 digits of a social security number makes a person's verification easier to find.) This information is already on the SVR.
- Employees take breaks away from their desk. (An employee had a comment that signature verification is very hard and by the end of the day they all look the same.)
- Random calls to voters to verify the person donated and signed the Qualifying Contribution receipt.

Legal should require employees involved in the process to read and sign the policies and procedures acknowledging that they understand them.

RESPONSE FROM LEGAL

“The Legal Department concurs that the process of verifying contribution receipts should be strengthened with written policies and procedures to ensure the highest level of integrity and accuracy. The Clerk chose the most accurate verification possible, a review of each and every contributor. Literally Thousands of individual contributors were verified.

“The Legal Department will work with the Clerk’s office to determine the best strategies to implement that create the greatest accuracy and integrity in the verification process.”

2. LEGAL SHOULD HAVE THE VAULT ROOM LOCKED AND SECURED AT ALL TIMES.

The vault room is located inside the City Clerk’s office. Three members of management know the combination to the vault room. The vault room door is kept open during business hours. Along with the Qualifying Contribution receipts, the vault room also contains other sensitive documents such as petitions, contracts/leases and personnel information. An unsecured vault is vulnerable to theft without management knowledge or detection.

Employees are responsible for preventing loss, damage, abuse, misuse or theft of City property or property entrusted to the City including, but not limited to; artifacts, vehicles, equipment, tools, supplies and City records. (*Personnel Rules and Regulations, Code of Conduct §301.12 ROA 1994*)

RECOMMENDATIONS

Legal should implement a policy requiring the vault room be locked and secured at all times.

RESPONSE FROM LEGAL

“Legal agrees with the recommendation. Currently the vault is in a secure area of the Clerk’s office that can only be accessed by employees. No

persons except confidential Clerk's office employees have access to the vault. Each needs access to the vault.

"The Vault currently has a combination lock on the door that is locked when the Clerk's office is closed. The Legal Department will determine the best policy to ensure integrity of the vault."

3. LEGAL SHOULD PROVIDE SIGNATURE VERIFICATION TRAINING TO EMPLOYEES.

According to CIO Magazine, a person's signature is never entirely the same every time it is written. Signatures vary depending on fatigue, mental and physical state, and writing position and can also change substantially over an individual's lifetime. However, the consistency created by natural motion and practice over time creates unique patterns recognizable to each individual.

Employees stated they are trained by the Bernalillo County Clerks Office on how to look up voters on the SVR, but there is no formal training on signature verification. Because signature verification is subjective, one person may accept and another reject the same signature. These employees are not full time signature verifiers or hand writing experts, but only perform this task in an election year. Asking ordinary people who have no formal training to become signature verifiers is pressure that may contribute to human error. The signature verification training would increase the employee's knowledge on what to look for when matching a receipt signature with the signature on the SVR. Training would also help in the detection of forged signatures or multiple receipts signed by a single person.

Automated signature verification is in its early stages and may be something the City Clerk may want to look at in the future, but until then employees should have the training needed to effectively do their job and add integrity to the verification process.

RECOMMENDATIONS

Legal should provide professional training to employees on signature verification. The training would increase the employee's knowledge and skills in recognizing patterns and reduce the subjectivity in the process.

RESPONSE FROM LEGAL

“The Legal Department accepts the recommendation with the following reservation. The verification process is inherently subjective. Legal does not know whether signature verification training will improve this subjective task. If it is determined by legal that training may increase the level of reliability of the process legal will implement the training.”

Comment:

An employee of the City Clerk, the Interim City Clerk and Acting Assistant City Clerk had a meeting to discuss the conduct of the employee. (The employee in question had problems in the past and was transferred to another division and then sometime later transferred back.) During this meeting the employee allegedly made an allegation of sabotage towards her work and became defensive towards the two.

The alleged allegation of sabotage was reported to OIAI by an interoffice memorandum from the interim City Clerk along with a memo written by the Acting Assistant City Clerk

The employee who reportedly made the allegation that someone sabotaged her work stated she did not make any such allegation.

In observing the process and interviewing the employees, we could not determine that there was any sabotage. There was some lack of internal controls as noted in this report.

CONCLUSION

A lack of written policies and procedures, along with a lack of formal training in signature verification can increase human error in the verification process of Qualifying Contribution receipts. By implementing the recommendations stated above, the City Clerk’s Office will decrease human error and increase the integrity of the Qualifying Contribution process.

Staff Auditor/Investigator

Inspector General

REVIEWED AND APPROVED

APPROVED FOR PUBLICATION:

Carmen Kavelman, CPA, CISA, CGAP
Director
Office of Internal Audit and Investigations

Chairperson, Accountability in Government
Oversight Committee