

# Memorandum



CITY OF DALLAS  
(Report No. E18-002)

**DATE:** July 27, 2018  
**TO:** Bilierae Johnson, City Secretary – City Secretary’s Office  
**SUBJECT:** Independent Auditor’s Report on Applying Agreed-Upon Procedures for Petition Processing by the City Secretary’s Office

Attached for your review is the *Independent Auditor’s Report on Applying Agreed-Upon Procedures for Petition Processing by the City Secretary’s Office*. The Agreed-Upon Procedures are included in Attachment I. Exceptions were noted for procedures 8, 9, and 12.

We have performed these procedures solely to assist the Dallas City Council and the City Secretary’s Office (SEC) in evaluating SEC’s compliance with the requirements of the Texas Election Code, the Texas Local Government Code, and the Charter of the City of Dallas, Texas as specified in “*City Secretary’s Office Procedures Process for Checking Petition(s) for an Initiative, Referendum, Local Option, Charter Amendment, Council Recall*” (ELE 01.00).

The Dallas City Charter Chapter IX, Section 3, and the Office of the City Auditor’s Fiscal Year 2018 Annual Audit Plan approved by the City Council authorized these Agreed-Upon Procedures projects.

If you have any questions, please contact me at (214) 670-3222 or, Carol A. Smith, First Assistant City Auditor, at (214) 670-4517.

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton".

Craig D. Kinton  
City Auditor

## Attachments

C: Honorable Mayor and Members of the City Council  
Larry Casto, City Attorney  
T.C. Broadnax, City Manager

**City of Dallas Office of the City Auditor  
Independent Auditor’s Report on Applying Agreed-Upon Procedures**

*Petition Processing by the City Secretary’s Office*

We have performed the procedures described in Attachment I, which were agreed to by the City Secretary’s Office (SEC), solely to assist the City of Dallas (City) City Council and the SEC in evaluating the SEC’s compliance with the requirements of the Texas Election Code, the Texas Local Government Code, and the Charter of the City of Dallas, Texas as specified in “*City Secretary’s Office Procedures Process for Checking Petition(s) for an Initiative, Referendum, Local Option, Charter Amendment, Council Recall*” (ELE 01.00). The SEC is responsible for the establishment of the policies and procedures to comply with those requirements.

The Agreed-Upon Procedures are included in Attachment I. Exceptions were noted for procedures 8, 9, and 12. and were communicated to the SEC.

This Agreed-Upon Procedures engagement was conducted in accordance with United States generally accepted government auditing standards which incorporate attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the SEC. Consequently, we make no representations regarding the sufficiency of the procedures described in Attachment I either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion, or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report on applying Agreed-Upon Procedures, as described in paragraph one above, is intended solely for the information and use of the Dallas City Council and the SEC and it is not intended to be and should not be used by anyone other than this specified party. Accordingly, this report is not suitable for any other purpose.

Craig D. Kinton, CPA  
City Auditor  
City of Dallas, Texas

***July 27, 2018***

**ATTACHMENT I**

**Agreed-Up On Procedures and Results of Procedures**

*Petition Processing by the City Secretary's Office  
July 27, 2018*

<b>Agreed-Up On Procedures</b>	<b>Results</b>	<b>Subsequent Actions by the City Secretary after Receiving Notification of the Exception</b>
<p>1. Obtain "City Secretary's Office Procedures Process for Checking Petition(s) for an Initiative, Referendum, Local Option, Charter Amendment, Council Recall" (ELE 01.00).</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p>2. Compare ELE 01.00 to petition processing requirements in the Texas Election Code, the Texas Local Government Code, and the Charter of the City of Dallas, Texas (City).</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p>3. Confirm the City Secretary's Office (SEC) accurately identified the total number of active registered voters in the City as of the Intent to Petition date of April 13, 2018.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p>4. Confirm that SEC accurately computed the number of registered voter signatures equivalent to ten percent of the number identified in Procedure 3.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	

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Agreed-Upon Procedures	Results	Subsequent Actions by the City Secretary after Receiving Notification of the Exception
5. Confirm the criteria used to reject signatures are documented and communicated to petition signature processing staff.	<b>No exceptions were found as a result of applying the procedure.</b>	
6. Confirm SEC developed a methodology to identify and document specific voter signatures on the petition that require a higher-level review, which may include the City Secretary.	<b>No exceptions were found as a result of applying the procedure.</b>	
7. Obtain the total number of petition signature lines processed by SEC during the first four days of signature review (initial review).	<b>No exceptions were found as a result of applying the procedure.</b>	

Agreed-Upon Procedures	Results	Subsequent Actions by the City Secretary after Receiving Notification of the Exception
<p><b>8.</b> Confirm the accuracy of SEC’s petition signature categorization (accepted or rejected) for a statistical random sample of petition signature lines from the population identified in Procedure 7. with sample parameters set at the following values:</p> <ul style="list-style-type: none"> <li>• Confidence level at 98 percent</li> <li>• Margin of error at two percent*</li> <li>• Upper error limit at one percent</li> <li>• Expected error rate at zero percent</li> </ul> <p><small>*The difference between a 100 percent and a confidence level of 98 percent</small></p>	<p><b>Exception noted:</b></p> <p>Using the parameters stated in Procedure 8., a statistical sample of 392 petition signature lines was randomly selected from a population of 30,400 petition signature lines identified in Procedure 7. The sample showed that SEC incorrectly:</p> <ul style="list-style-type: none"> <li>• Rejected 22 of 392 signatures or six percent</li> <li>• Accepted one of 392 signatures or 0.26 percent</li> </ul>	<p>According to the SEC, the following actions were taken:</p> <ul style="list-style-type: none"> <li>• SEC communicated sample results to staff</li> <li>• SEC clarified signature validation rules to staff</li> <li>• SEC introduced an additional step to verify the accuracy of rejected signatures</li> </ul>
<p><b>9.</b> Confirm SEC processed all signatures added outside of the pre-numbered lines on the petition pages for each sample item selected in Procedure 8.</p>	<p><b>Exception noted:</b></p> <p>During the first four days of petition signature validation, the SEC did not process signatures written outside of the pre-numbered lines on petition pages because the Dallas County's voter registration verification system (VOTEC) was programmed for only ten signature lines per petition page.</p>	<p>According to the SEC, a total of 29 signatures that were written outside of the pre-numbered lines on petition pages were identified and processed during the final validation process.</p>

Agreed-Upon Procedures	Results	Subsequent Actions by the City Secretary after Receiving Notification of the Exception
<p>10. Confirm SEC adjusted petition signature processing based on the sample results in Procedures 8. and 9. if necessary to improve accuracy.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p>11. Obtain the total number of petition signature lines processed after the final day of signature review by SEC.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p>12. Confirm the accuracy of SEC’s petition signature categorization (accepted or rejected) for a statistical random sample of petition signature lines from the population identified in Procedure 11. with sample parameters set at the following values:</p> <ul style="list-style-type: none"> <li>• Confidence level at 98 percent</li> <li>• Margin of error at two percent</li> <li>• Upper error limit at one percent</li> <li>• Expected error rate at zero percent</li> </ul> <p>*The difference between a 100 percent and a confidence level of 98 percent</p>	<p><b>Exception noted:</b></p> <p>Using the parameters stated in Procedure 12., a statistical sample of 392 petition signature lines was randomly selected from a population of 138,290 petition signature lines identified in Procedure 11. The sample showed that SEC incorrectly:</p> <ul style="list-style-type: none"> <li>• Rejected 21 of 392 signatures or five percent</li> <li>• Accepted seven of 392 signatures or two percent</li> </ul>	<p>According to the SEC, Dallas County and SEC staff re-examined approximately 36,000 signatures to determine if they were correctly verified.</p>

Agreed-Upon Procedures	Results	Subsequent Actions by the City Secretary after Receiving Notification of the Exception
<p><b>13.</b> Confirm SEC’s information system generated batch totals of petition signature lines for each category (accepted or rejected) by selecting a judgmental sample of batches and counting the signatures in each category.</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	
<p><b>14.</b> Confirm the total number of signatures in each category (accepted or rejected).</p>	<p><b>No exceptions were found as a result of applying the procedure.</b></p>	