

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

SUPERVISOR OF ELECTIONS OFFICE
AUDIT OF FINANCIAL CONTROLS

A U D I T R E P O R T

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A U D I T R E P O R T

The Internal Audit Department conducted an audit of financial controls over the Supervisor of Elections Office for the audit period January 1, 2001 through December 31, 2001. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors.

BACKGROUND:

The Supervisor of Elections is a constitutional office created and provided for under the Florida Constitution and the Laws of Florida. As an elected official, the Supervisor of Elections administers all elections in Manatee County. The Supervisor of Elections conducts voter registration and issues voter identification cards, updates voter registration lists, and provides for absentee registration and absentee voting. The Supervisor of Elections is responsible for qualifying candidates, and receiving candidate campaign finance reports and financial disclosure reports.

The Supervisor of Elections receives qualifying fees and revenues for elections services performed, petition verifications, and other miscellaneous services. The Supervisor of Elections' expenditures include but are not limited to maintaining election equipment, hiring and training poll workers, renting and equipping polling places, and general office expenditures for their day-to-day operations.

PURPOSE/OBJECTIVE:

The audit objective included determining whether financial controls are effective to ensure proper recording of revenues and expenditures and the efficiency and effectiveness of financial operations. The audit also verified whether an adequate system of internal control exists to ensure the proper segregation of duties and compliance with their policies and procedures over revenues and expenditures.

SCOPE:

The scope of the audit included examining the controls over revenues and expenditures of the Supervisor of Elections for the period of January 1, 2001 through December 31, 2001. This included the review of account activity and financial transactions. In addition, internal controls were reviewed to ensure efficiency and effectiveness over financial operations. The audit did not include examining any controls over the election process.

METHODOLOGY:

Internal control evaluations were accomplished by flow charting the key operations of this specified area, discussions with management and staff, observations, and analytical and substantive testing of individual internal controls.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No indications of irregularities, abuse, or illegal acts were discovered during the audit that could affect the Supervisor of Elections for the audit period ending December 31, 2001.

TEST OF COMPLIANCE:

Tests of compliance were limited to the Supervisor of Elections Policies and Procedures manual over revenues and expenditures including purchasing.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of financial controls over the Supervisor of Elections for the period ending December 31, 2001, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. As a result, we did not note any significant matters involving the internal control structure and its operations that are considered reportable conditions under standards established by the U.S. General Accounting Office, *Government Auditing Standards*. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control structure, that in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, as defined above. In addition, because of the inherent limitations in any internal control structure, significant deficiencies in the design or operation of the internal control structure may exist and not be detected.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be used for each Area of Improvement reported. Management Action Plans are corrective actions with implementation dates developed in cooperation with the Supervisor of Elections, the Assistant Supervisor of Elections, and the Internal Audit Department.

MANAGEMENT SUMMARY:

The Supervisor of Elections requested the Internal Audit Department perform an audit of internal controls over financial operations. Based on the audit performed, the Supervisor of Elections is properly accounting for revenue and expenditures. In addition, controls implemented by management appear to be working efficiently and effectively.

The Supervisor of Elections is properly charging and collecting for election services, petition verifications and other miscellaneous services. In addition, the Supervisor of Elections has procedures in place for the collection and submission of qualifying fees. Expenditures are also properly approved and accounted for.

The audit, however, identified one area where improvement in efficiency can be made. Although reportable, this area is considered relatively minor in relation to the overall operations of the Supervisor of Elections.

- The Supervisor of Elections is in the process of automating their accounts receivable and cash reconciliation processes. The efficiency of the Supervisor of Elections will be improved by eliminating the need to create and maintain manual files. The Management Team through the management action plan is in the process of amending their current procedures to use existing software for tracking accounts receivable and for the reconciliation of cash.

(See Area for Improvement #1 on page 6)

We would like to thank the Supervisor of Elections' personnel for the cooperation and courtesy afforded to our auditors throughout the audit. We believe through implementation of the Management Action Plans included in this report, the Supervisor of Election will better meet its goals and objectives.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

R. B. "Chips" Shore
Director of Internal Audit

Richard J. Orienti, CIA, CFE
Clerk of the Circuit Court and Comptroller

AREA FOR IMPROVEMENT #1.....

Subject: Automation of the Accounts Receivable and the Cash Reconciliation Processes

The Supervisor of Elections currently uses Quickentm software to generate invoices to bill for election services, and to generate sales receipts for all payment received. Currently the accounts receivable system is manual and involves maintaining a file of all outstanding invoices. Since the software has accounts receivable capabilities, it appears that the process could be streamlined by using Quickentm to also create an accounts receivable when an invoice is generated.

For the cash reconciliation process, the Supervisor of Elections currently photocopies all receipts generated by Quickentm. These receipts are retained in a file and are used to reconcile the cash drawer. Since the receipts are already generated by Quickentm, it appears that these steps can be eliminated by using Quickentm to produce a listing of receipts at time of reconciliation.

Management Action Plan:

- Management is in the process of amending their current procedure to include using the Quickentm software for accounts receivable and the reconciliation of cash. This implementation should improve the efficiency of the current process. Management anticipates full implementation by October 2002.