

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, 2002 through December 31, 2002. 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, 2002 through December 31, 2002. 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, 2002.

TEST OF COMPLIANCE:

Tests of compliance were limited to the Supervisor of Elections Policies and Procedures manual over revenues and expenditures including purchasing. The results of these tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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, 2002, 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. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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 that the Internal Audit Department perform an audit of internal controls over financial operations. Based on the audit performed, the Supervisor of Elections continues to properly account for revenue and expenditures 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 is properly collecting and remitting to the State of Florida candidates' qualifying and assessment fees. Expenditures are also properly approved and accounted for.

The audit, however, identified one area where the Supervisor of Elections Office could improve compliance with its own published Policies and Procedures. Although reportable, this area is considered relatively minor in relation to the overall operations of the Supervisor of Elections.

Policies and procedures for obtaining and documenting competition for purchases need additional clarification. The Management Team through the management action plan is in the process of amending their current procedures to clarify Supervisor of Elections policy regarding the collection and documentation of competition.

(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: Documentation and Compliance with the Supervisor of Elections Policy and Procedures Regarding the Competitive Bidding Process

The Policies and Procedures for small purchases, (\$500 and less), and waivers of competition require clarification and updating. In addition, documentation of competition for all purchases can be strengthened by maintaining evidence of bids and waivers in the Office's purchasing/vendor files in accordance with required retention schedules.

Management Action Plan:

Supervisor of Elections Management will implement the following procedures, and will amend its Policies and Procedure manual by July 31, 2003:

- Competitive bidding for purchases of \$1,000 and more will be documented on the Supervisor's Purchase Requisition form. A copy of this form will be filed in the Supervisor's purchasing/vendor files.
- At least two bids will be required (except in cases of authorized sole source purchases) for small purchases. Documentation of competitive bidding will be included in the Supervisor of Elections Office's Direct Expenditure Voucher packages.
- All waivers of competitive bidding will be documented and approved. Explanation of such waivers will be documented and maintained on the individual voucher packages.
- All documentation of competition will be maintained in accordance with required retention schedules.



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

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MEMORANDUM

TO: Robert Sweat, Supervisor of Elections

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

DATE: April 10, 2003

RE: Internal Audit Report – Audit of Financial Controls

Enclosed is the Internal Audit Report for the Supervisor of Elections Audit of Financial Controls which was performed as of December 31, 2002. We are pleased with the significant emphasis being placed by the management on financial controls over operations. As stated in the audit report, these internal controls appear to be working both efficiently and effectively, improving financial accountability.

I wish to thank you and your staff for their courteous and professional cooperation with our Internal Auditors throughout the audit. If you have any further questions regarding this report, please feel free to contact Richard Orienti at extension 4170.

RBS/RJO

Enclosures

cc: Manatee County Board of County Commissioners



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

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MEMORANDUM

TO: City Desk Editor, Bradenton Herald
City Desk Editor, Manatee AM
Islander Bystander
Sid Thomas, Editor
WHNZ, Newsroom
Longboat Key Observer (Attn: Shay Sullivan)

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

DATE: April 10, 2003

RE: Announcement of the Release of an Internal Audit Report

My office is releasing today the Internal Audit Report for the Supervisor of Elections Office Audit of Financial Controls which was performed as of December 31, 2002. Copies may be obtained by contacting the Internal Audit Department at (941) 741-4017. Copies of the report can either be mailed or picked up at the County Courthouse room 158.