

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, 2003 through December 31, 2003. 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 countywide elections in Manatee County and other municipal and special district elections by contract. 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, 2003 through December 31, 2003. 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 financial accountability of the Supervisor of Elections for the audit period ending December 31, 2003.

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, 2003, 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 most of the election services, petition verifications and other miscellaneous services. Expenditures are also properly approved and accounted for.

The audit, however, identified two areas where operational improvements could be made. Although reportable, these areas are considered relatively minor in relation to the overall operations of the Supervisor of Elections.

Municipal election contracts allow for the Supervisor of Election's (SOE) Office to charge for election-related services. The manual system currently employed is time consuming, and the SOE staff does not consistently accumulate all billable charges to municipalities as allowed by the contracts. The Management Team through its management action plan will implement a flat-rate charge per precinct and contracts will be revised to include this new charge.

(See Area for Improvement #1 on page 6)

The Supervisor of Elections, as the qualifying officer for the four municipal elections held in 2003, is responsible for remitting qualifying fees collected from candidates to the Elections Commission Trust Fund in compliance with Florida Statutes 99.093. Currently, the SOE has forwarded this responsibility to the municipalities. In addition, as qualifying officer for the Lakewood Ranch Community Development District #2, SOE is allowed to keep those qualifying fees according to Florida Statutes 189.405. However, those fees were forwarded to Lakewood Ranch who remitted them to the Elections Commission Trust Fund. The Management Team through its management action plan will be requesting approval from the Florida's Division of Elections to continue to allow the municipalities to forward the candidates qualifying fees and will revise their procedures so that qualifying fees collected from Community Development Districts will be retained and deposited into the general fund.

(See Area for Improvement #2 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 Elections will better meet its goals and objectives.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

Supervisor of Elections Office
Audit of Financial Controls Audit Report
March 23, 2004
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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: Billing of Election-related Charges

Municipal Election Contracts allow for the Supervisor of Elections' (SOE) Office to charge for election-related services. Some of these charges include staff regular and overtime hours, data processing fees, truck rentals, and dedicated phones lines. The manual system currently employed is time consuming, and the SOE staff does not consistently accumulate all billable charges to municipalities as allowed by the contracts. While most of these charges have resulted in potential under-billings to the municipalities, the amounts in question were minimal. It appears that a more efficient alternative to bill the municipalities should be considered.

Management Action Plan:

Supervisor of Elections Management is in the process of implementing a flat-rate charge per precinct. The flat-rate charge will be evaluated periodically to ensure that all election-related expenses are recovered. Contracts will be revised to include this new charge. Implementation is expected by May 2004.

AREA FOR IMPROVEMENT #2.....

Subject: Qualifying Fees

The Supervisor of Elections served as the qualifying officer for the four municipal elections held in 2003. Candidates remitted checks for their qualifying fees to the SOE office, who then forwarded the checks to the municipalities with instructions to remit funds to the Elections Commission Trust Fund (ECTF). Florida Statute 99.093 indicates that the qualifying officer is responsible for remitting the funds to the ECTF.

The Supervisor of Elections also serves as the qualifying officer for the Lakewood Ranch Community Development District #2 and forwarded checks for candidate qualifying fees to the District in the same manner as the municipalities. Florida Statute 189.405 states that these qualifying fees should be remitted to the general revenue fund of the qualifying officer.

Management Action Plan:

Supervisor of Elections Management will be requesting approval from the Florida Department of State's Division of Elections to continue to allow the municipalities to forward the candidates qualifying fees. A response is anticipated within six months.

The Supervisor of Elections will revise their procedures so that qualifying fees collected from Community Development Districts will be retained and deposited into the general fund. Procedures will be changed within 30 days.



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: March 23, 2004

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, 2003. 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: March 23, 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, 2003. 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.