



Manatee County

R.B. "Chips" Shore

Clerk of the Circuit Court and Comptroller

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INTERNAL AUDIT DEPARTMENT

AUDIT REPORT

SUPERVISOR OF ELECTIONS AUDIT OF FINANCIAL CONTROLS

AS OF DECEMBER 31, 2010

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, 2010 through December 31, 2010. 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, 2010 through December 31, 2010. 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, 2010.

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 one instance of noncompliance that is included in Audit Finding #1.

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, 2010, 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:

Since 2001, the Supervisor of Elections has periodically requested the Internal Audit Department to perform audits of internal controls over the Office's financial operations. The prior audit was performed for the year ending December 31, 2006. The current audit covered the twelve-month period ending December 31, 2010 and finds the Supervisor of Elections continues to properly account for revenue and expenditures efficiently and effectively. The Supervisor of Elections is properly charging for election services, petition verifications and other miscellaneous services. Expenditures are also properly approved and accounted for.

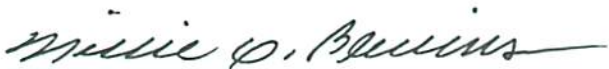
The audit, however, identified one area where the Supervisor of Elections Office could improve compliance with its own published Policies and Procedures. Although reportable, this area is considered relatively minor in relation to the overall operations of the Supervisor of Elections.

- Policies and procedures for obtaining and documenting evidence of competition for purchases can be strengthened by maintaining the appropriate supporting documentation in the Supervisor of Elections' files. Furthermore, policies and procedures for the waiving of competition require further clarification and updating to remove preferred vendors from the sole source vendor list. The Management Team through the Management Action Plan will ensure that competitive documentation will be obtained and retained according to their Policies and Procedure Manual. In addition, management is in the process of amending their current procedures to provide guidelines relating to the use of the sole source designation and provide for periodic review of the vendors' list. (See Area for Improvement #1 on page 5.)

We would like to thank the Supervisor of Elections' personnel for the cooperation and courtesy afforded to our auditors throughout the audit. We support management's commitment to the continuous improvement and accountability of operations.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:



Millie Blevins, CPA, CFE
Director of Internal Audit



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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 Manual for purchases greater than \$500 require vendor comparison documentation to be retained in certain situations. A statistical sample of 192 purchases was selected, of which only 4 required documentation of competition. Testing found that 3 of these purchases did not have the required documentation retained by the Supervisor of Elections. Exceptions included purchases for cleaning services totaling \$5,124, telephone equipment for \$4,137, and food for poll workers purchased from a local non-profit organization totaling \$1,364.

In addition, policies and procedures for the waiving of competition require further clarification and updating. The Supervisor of Elections' purchasing procedures state that goods and services may be procured without competition when it has been determined that there is only one available source for the item or service. While the Office maintains a list of these vendors, the list appears to contain many vendors that are preferred, based on past experience, and is not necessarily the only vendor available for that particular item and/or service. Also included on this list were vendors on State and County contracts. Additional procedures may be required to address the need for competition when using these types of contracts without having them included as part of the sole source vendors list; and periodic review and updating of the sole source vendors list.

Management Action Plan:

Management will ensure that competitive documentation will be obtained and retained according to their Policies and Procedure Manual. In addition, management is in the process of revising its purchasing policy to address sole source, preferred vendors, and state contracts, as well as address the use of county vendors. Procedures will also include guidelines which provide for periodic review of the vendor lists. Revisions will be completed by December 31, 2011.