



# R. B. "Chips" Shore

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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## MEMORANDUM

TO: Michael S. Bennett - Supervisor of Elections  
FROM: R. B. "Chips" Shore, Clerk of the Circuit Court  
DATE: June 14, 2013  
RE: Supervisor of Elections Financial Controls Audit Report

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The Internal Audit Department has completed the Supervisor of Elections Financial Controls Audit as of November 30, 2012. Attached, please find the final report. I wish to thank you and your staff for their assistance and cooperation throughout the audit. If you have any further questions regarding this report, please feel free to contact Lori Stephens at 749-1800, extension 4170.

RBS/LJS

Enclosures

"Pride in Service with a Vision to the Future"

Clerk of the Circuit Court - Clerk of Board of County Commissioners - County Comptroller - Auditor and Recorder



# R. B. "Chips" Shore

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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## Internal Audit Department

### Audit Report

### Manatee County Supervisor of Elections Financial Controls Audit

As of November 30, 2012

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June 14, 2013

Audit No. 21310200

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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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**

The Internal Audit Department conducted an audit of financial controls of the Supervisor of Elections Office for the audit period January 1, 2012 through November 30, 2012. 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 election 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 locations, and general office expenditures for day-to-day operations.

**PURPOSE/OBJECTIVE:**

The audit objectives included determining whether financial controls are effective to ensure proper recording of revenues and expenditures, and evaluating the efficiency and effectiveness of financial operations. The audit also verified whether an adequate system of internal controls exists to ensure the proper segregation of duties and compliance with 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 Office for the period January 1, 2012 through November 30, 2012. 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 flowcharting key financial processes, 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 November 30, 2012.

**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 which is included in Audit Finding #1.

**STATEMENT ON INTERNAL CONTROL STRUCTURE:**

In planning and performing the audit of financial controls of the Supervisor of Elections for the period ending November 30, 2012, 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, 2010. The current audit covered the eleven-month period ending November 30, 2012, and finds that 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. A similar condition was noted in our prior audit report, and although reportable, this area is considered relatively minor in relation to the overall operations of the Supervisor of Elections.

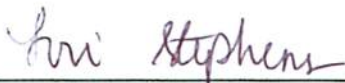
- Controls can be strengthened to ensure that documentation of competitive pricing for purchases is obtained and retained in accordance with the Supervisor of Election's Purchasing Policies and Procedures. In addition, procedures for the waiving of competitive pricing can be further clarified and/or updated regarding the use of the sole source vendor list, the use of State and/or County contracted vendors, and the use of preferred vendors. The Management Team through the Management Action Plan will ensure that competitive documentation is obtained and retained according to policies and procedures. In addition, management is in the process of amending their current procedures to provide guidance on the areas identified above.

(See Area for Improvement #1 on page 4.)

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:



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Lori Stephens, CPA, CFE  
Director of Internal Audit



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R. B. "Chips" Shore  
Clerk of the Circuit Court & Comptroller

**AREA FOR IMPROVEMENT #1** .....

**Subject: Documentation and Compliance with the Supervisor of Elections Purchasing Procedures - Competitive Bidding**

According to the Supervisor of Elections Purchasing Procedures, documentation of vendor comparison is required for all purchases greater than \$500, with limited exceptions. A statistical sample of 178 purchases out of 971 was selected and reviewed. Of those 178 purchases, only 4 required documentation of vendor comparison. Testing found that 3 of these 4 purchases (75%) did not have either the required vendor comparison documentation retained by the Supervisor of Elections Office, or an explanation to support why competitive bids were not obtained. Exceptions included the following purchases: facility and equipment rental for 3 poll worker training sessions totaling \$32,231, monthly cleaning services totaling \$5,124, and an emergency purchase of voter ID labels for \$1,318.

In addition, policies and procedures for the waiving of competition can be further clarified and updated. The Supervisor of Elections' purchasing procedures state that "goods and services may be procured or a contract may be awarded without competition when the Supervisor of Elections determines, after conducting a good faith review of available sources, that there is only one available source for the required supply, service or equipment item or the special needs of the elections process warrants ongoing use of a particular vendor." While the Office maintains a list of sole source vendors, the list appears to primarily contain vendors that are *preferred*, based on past experience, and not necessarily the *only* vendor available for the particular item and/or service. Also included on this list are vendors on State and County contracts. Additional procedures may be needed to clarify the use of sole source vendors, preferred vendors, and state/county contracted vendors. Consideration should also be given to developing guidelines to periodically review the sole source vendor list and any preferred vendor pricing.

**Management Action Plan:**

Management will ensure that competitive documentation is obtained and retained according to the purchasing policies and procedures. If it is determined there is only one suitable source for goods or services, and the vendor is not included on a sole source or preferred vendor list, this will be documented in the supporting documentation for the purchase. In addition, management is in the process of reviewing and updating its purchasing policy to address sole source and preferred vendors, as well as the use of state and/or county contract pricing. Updates will also include guidelines which provide for documented periodic reviews of vendor lists and pricing. Revisions will be completed by October 31, 2013.