



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**OKLAHOMA STATE
ELECTION BOARD**

JULY 1, 2003 THROUGH JUNE 30, 2004



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma State Election Board
Statutory Examination Report
For the Period July 1, 2003 to June 30, 2004

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 12, 2005

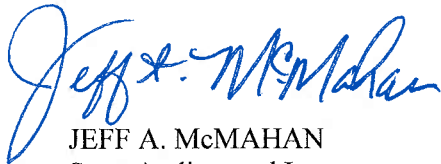
TO THE BOARD OF DIRECTORS OF THE OKLAHOMA STATE ELECTION BOARD

Transmitted herewith is the Statutory Examination Report for the Oklahoma State Election Board. The procedures we performed were conducted pursuant to 74 O.S. §212.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

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Background

The mission of the Oklahoma State Election Board is to achieve and maintain uniformity in the application, operation and interpretation of the state and federal election laws with a maximum degree of correctness, impartiality and efficiency.

Board Members

GLO HENLEY CHAIRPERSON
KENNETH MONROE VICE CHAIRPERSON
THOMAS E. PRINCE MEMBER

Key Staff

MICHAEL CLINGMAN BOARD SECRETARY
FRAN ROACH ASSISTANT BOARD SECRETARY



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

TO THE BOARD OF DIRECTORS OF THE STATE ELECTION BOARD:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for the fiscal year 2004:

1. We reviewed internal controls over cash, receipts, and disbursements.
2. We tested a sample of deposits to determine they were properly posted to the financial records and had adequate supporting documentation.
3. We tested a sample of disbursements to determine they were properly posted to the financial records and had adequate supporting documentation.
4. We performed analytical procedures to test the reasonableness of payroll disbursements.

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system. This schedule has been included for informational purposes only.

Our procedures were limited to those defined above and were less in scope than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the State Election Board's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

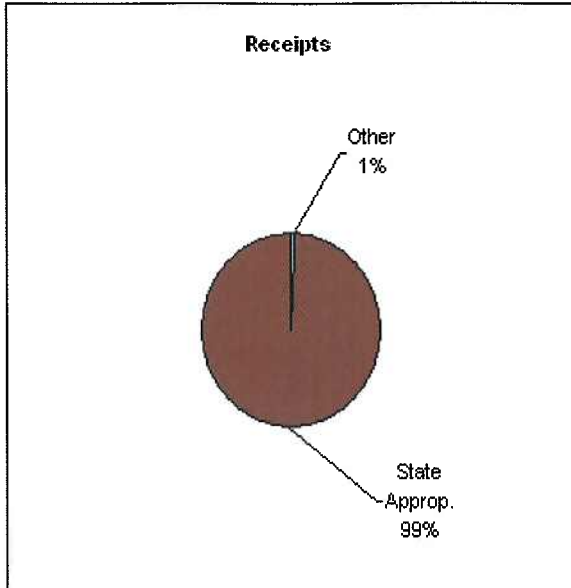
September 12, 2005

OKLAHOMA STATE ELECTION BOARD

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FOR THE YEAR ENDED JUNE 30, 2004**

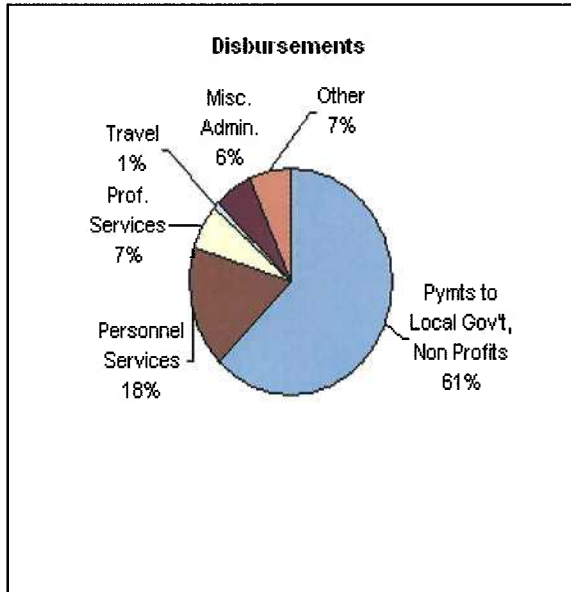
RECEIPTS:

State Appropriations	8,267,131
Other	<u>89,053</u>
Total Receipts	<u><u>8,356,184</u></u>



DISBURSEMENTS:

Pymts to Local Gov't, Non Profits	3,827,253
Personnel Services	1,088,660
Professional Services	406,652
Travel	56,023
Misc. Administrative	373,444
Other	<u>409,718</u>
Total Disbursements	<u><u>6,161,749</u></u>



RECEIPTS OVER (UNDER) DISBURSEMENTS	2,194,435
CASH - Beginning of year	<u>6,672,034</u>
CASH - End of year	<u><u>8,866,469</u></u>

Findings/Recommendations

Finding #1

Criteria: 62 O.S. 2001 § 7.1c states: “(1) Receipts of One Hundred Dollars (\$100.00) or more shall be deposited on the same banking day as received. (2) Receipts of less than One Hundred Dollars (\$100.00) may be held until accumulated receipts equal One Hundred Dollars (\$100.00) or for five (5) business days, whichever occurs first, and shall then be deposited no later than the next business day.”

Additionally, according to Election Board Policy, Receiving & Receipting Checks, Item #3 states “Completely fill out a receipt to and give it to the payer of the check, using the next open receipt in the appropriate receipt book”.

Condition: We selected (28) deposits totaling \$75,219.80 for review. We noted the following:

- Four hundred and eight (408) of the six hundred and sixty-eight (668) total checks included in our deposit selections were not deposited on the day they were received or within the 5 business days allowed for receipts under \$100. The time lag between the receipt day and the deposit day varied from one to thirty-four days after the day the check was received. This totaled \$28,723.60 that was not deposited in the allowable time frame.
- We were unable to review deposit slip documentation for two deposits in the amount of \$2,357.75 (4/1/04) and \$160.00 (4/1/04) because this documentation was unavailable.
- We noted one entry on the deposit slip dated 6/22/04 for Bryan CEB #6069 in the amount of \$50.00 which we were unable to trace to a receipt.

Effect: The Board may not be in compliance with Oklahoma statutes or be adhering to internal policy for the receipting of checks received.

Recommendation: We recommend the agency implement procedures to ensure compliance with 62 O.S. 2001 § 7.1c. Additionally, we recommend that the Board ensure that receipts are issued for all checks received and adequate documentation is maintained for all checks received and receipts written.

Views of Responsible Official(s)

Contact Person: Michael Clingman, Secretary

Anticipated Completion Date: February 28, 2006

Corrective Action Planned: We acknowledge difficulties in compliance with daily deposit requirements. During the period covered by this audit, the agency had just one finance officer who was performing all of these duties. A finance assistant was hired in October, 2004. Also, due to the anticipated retirement of the current finance officer, management expects to hire a new finance officer in late 2005. As part of the training of these new employees in the finance office, management plans to include a review of the law and internal policy on deposits and receipting of checks.

Finding #2

Criteria: A basic objective of governmental generally accepted accounting principles is to demonstrate accountability and stewardship to be used in evaluating management's accounting for funds. To ensure proper accounting of funds, the recording, authorization, custodial, and execution functions of assets should be segregated.

Condition: During our review of internal controls, we noted the Finance Officer performs the following duties:

- Endorses checks
- Receipts checks
- Prepares and records deposits
- Makes deposits
- Performs reconciliations

Effect: A misappropriation of funds could occur and not be detected in a timely manner.

Recommendation: We recommend the following corrective action be implemented:

- Checks be immediately restrictively endorsed by the person who opens the mail/receives the checks
- Someone other than the Finance Officer/Assistant issue receipts for the checks
- The Finance Officer record and prepare the deposit
- The Mail Clerk make the deposit
- The Finance Officer's Assistant perform reconciliations

Views of Responsible Official(s)

Contact Person: Michael Clingman, Secretary

Anticipated Completion Date: December 31, 2005

Corrective Action Planned: Management agrees that one person should not perform all of the duties currently assigned to the finance officer. We also acknowledge that because of the small size of the agency, one person has always performed these duties. Since the hiring of the finance assistant in October, 2004, more segregation of these duties has become possible. To comply with the findings of the audit, management plans to review the duties of staff members who handle the mail and process checks and develop procedures to address these findings.

Other Information

Significant Grants/Entitlements

As of June 30, 2004, the Oklahoma State Election Board had \$4,985,136 remaining of a \$5,000,000 Federal Award under CFDA #39.011 – SEB Election System.

Significant Payables, Contracts, and Commitments

As of June 30, 2004, the Oklahoma State Election Board had the following significant payables, contracts, and commitments:

\$ 717,532 payable for reimbursements to Local Governments and Motor License Agents



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