

OKLAHOMA STATE ELECTION BOARD

FOR THE PERIOD
JANUARY 1, 2007 THROUGH
DECEMBER 31, 2008

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma State Election Board**

**For the Period
January 1, 2007 through December 31, 2008**

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

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May 5, 2009

TO THE OKLAHOMA STATE ELECTION BOARD

Following is the audit report for the Oklahoma State Election Board for the period January 1, 2007 through December 31, 2008. The Office of the State Auditor and Inspector is committed to serving 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,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

Mission Statement

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

Thomas E. Prince Chairman
Susan Turpen Vice Chairman
Ramon Watkins Member

Key Staff

Paul Ziriaux Secretary
Fran Roach Assistant Secretary
Angela Parker Finance Officer

**Oklahoma State Election Board
Operational Audit**

Background

The Oklahoma State Election Board (the Agency) was established under the Constitution of the State of Oklahoma in 1907. They are the administrative agency for the conduct of state elections and the oversight of the state's 77 county election boards.

Oversight is provided by three members appointed to four-year terms by the governor, with the advice and consent of the senate. Members are selected from a list of ten nominees recommended by the Democratic State Committee, and a list of five nominees recommended by the Republican State Committee. Two members are appointed from the Democratic Party, and one from the Republican Party.

The Agency pays for its operations primarily through state appropriations.

Table 1 summarizes the Agency's sources and uses of funds for fiscal years 2007 and 2008.

Table 1-Sources and Uses of Funds for FY 2007 and FY 2008

Sources:	2007	2008
State Appropriations	\$7,692,891	\$7,785,988
Filing/Registration Fees	30,425	126,675
Federal Grants-In Aid	261,811	10,210
Other	<u>61,241</u>	<u>70,200</u>
Total Sources	<u>\$8,046,368</u>	<u>\$7,993,073</u>
Uses:		
Personnel Services	\$1,339,930	\$1,339,241
Professional Services	848,681	839,912
Miscellaneous Administrative	3,427,850	1,245,329
Maintenance & Repair	140,987	135,753
General Operating Expense	299,014	173,341
Refunds, Indemnities, Restitutions	159,472	41,357
Program Reimbursement, Litigation Costs	394,044	183,405
Pmts - Local Gov't, Non-Profits	4,324,036	4,496,716
Other	<u>130,881</u>	<u>219,117</u>
Total Uses	<u>\$11,064,895</u>	<u>\$8,674,171</u>

Source: Oklahoma CORE Accounting System (unaudited; for informational purposes only)

**Authority,
Purpose, and
Scope**

This audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector's Office to audit the books and accounts of state officers whose duty it is to collect, disburse or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

The audit period covered was January 1, 2007 through December 31, 2008.

Objective 1 - To determine if the Agency's internal controls provide reasonable assurance that revenues and expenditures were accurately reported in the accounting records, and financial operations complied with 62 O.S. § 7.1.C.2.a.

Conclusion The Agency's internal controls provide reasonable assurance that revenues and expenditures were accurately reported in the accounting records. The Agency retains funds awaiting deposit in a locked desk drawer, which complies with 62 O.S. § 7.1.C.2.a.

Methodology To accomplish our objective, we performed the following:

- Documented internal controls related to the receipting and expenditure processes which included discussions with Agency personnel, observation, and review of documents;
- Tested controls which included:
 - Determining the deposit was prepared by someone independent of the receipting process;
 - Reviewing a random sample of 25 deposits from the period to ensure the person who prepared the deposit monitored the receipt numbers and the deposits were properly approved. This included determining the deposit was approved by the assistant secretary, receipts appeared on the deposit in sequential order (if gaps were detected, they were supported by a voided receipt), and the individual deposit transactions agreed to the receipt book;
 - Reviewing a random sample of 25 expenditure claims to ensure the expenditures were properly and independently authorized. This included determining the invoice was properly approved, ensuring the invoice supports the payment, the invoice was mathematically accurate, the proper account codes were used, and the expenditure appeared reasonable given the Agency's mission;
 - Determining the person who received and mailed the warrants was independent from the posting functions.
- Discussed with personnel and observed location where funds are retained prior to deposit to ensure they are adequately safeguarded as required by 62 O.S. § 7.1.C.2.a.

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

Other Items Noted

Although not considered significant to the audit objective, we feel the following issue should be communicated to management.

Observation

Safeguarding of Receipts

To ensure proper accountability and safeguarding of all monies received, the internal control system should ensure official prenumbered receipts are issued, and any voided receipts are properly retained and indicated as such on the receipt(s). While reviewing the Agency’s receipt books, we noted several skipped receipts. According to the finance officer, this occurred during the Summer Seminar because the training coordinator always starts her receipts on a new page for this event. For their purposes the skipped receipts are considered voided; however, they do not indicate such on the receipts.

Recommendation

We recommend employees do not skip receipt numbers. However, if this does occur, the skipped receipts should be immediately marked as voided and all copies of the receipts should be retained in the receipt book.

Views of Responsible Officials

State Election Board management acknowledges that it is not a good practice to skip receipt numbers in the receipt book. We have taken steps to ensure that this does not occur in the future. For example, for future Summer Seminars, the training coordinator will use the same receipt book as the information services clerk who opens the mail. This will ensure that receipts are not skipped. Staff who issue receipts will be instructed that if receipts are inadvertently skipped, the skipped receipts should immediately be voided.



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