Sample Internal Controls Assessment Administrator of Elec5ons

Purpose: To document an understanding and to assess the internal controls of the Sample County Administrator of Elections (AOE) as it pertains to the following:

1. The obligations and costs of the operation are in compliance with applicable law.
2. To ascertain if county funds, property and other assets that are designated/assigned to the AOE are safeguarded against waste, loss, unauthorized use, or misappropriation.
3. Revenues and expenditures in the AOE office and county general fund (as it relates to the AOE) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

Overview: Sample County AOE office consists of the election administrator (EA), assistant administrator (AA), and a deputy (DEA). An in-depth analysis of the internal control environment for the operations of the sample AOE office was performed by the EA, the EA’s employees, and a CTAS County Government Consultant.

# Obligations and costs of the operation are in compliance with applicable law.

**Human Resources**: The AOE office has an organizational chart and written job descriptions for all of the office employees. The AOE office has an updated personnel policy and a copy of the county’s ethics policy on file. The EA ensures all of the employees receives a copy of the personnel policy as well as any approved amendments.

**Physical Security**: The EA and office employees have a key to the county election office. Locks are rekeyed every four years in accordance with county policy unless the EA requests an additional rekey between the regular changes. The office is does not use any type of surveillance

equipment in the office, however there is a camera system that monitors the hallway outside the office door.

**Purchasing**: The AOE office complies with the county purchasing policy that is in effect for Sample County, adopted under the Financial Management System of 1981.

**Purchase Orders**: The EA will fill out all purchase order requisitions with the county finance department. The EA will sign the requisitions and coordinate with the county finance department to ensure there is funding available in the line item for the purchase, and that the vendor is on the approved vendor list. The county finance department issues the purchase order which authorizes the purchase to be made. The EA will then place the order with the vendor. When goods arrive, the EA verifies that the goods received are itemized on the invoice. The invoice is then initialed as goods received and forwarded to county finance for payment by accounts payable. There are no charge accounts (blanket purchase orders) at local stores.

**Store Cards**: The AOE office does not have an assigned store card, however, the EA is authorized to utilize Walmart and Lowe's cards that are assigned to the county finance office. When the office needs to purchase an item from Walmart or Lowe's, the EA will prepare a purchase order requisition and will then get a purchase order from county finance along with the store card. The EA will purchase the goods and bring the receipt and card back to county finance. Any unspent amount of the purchase order is closed after the EA initials the purchase order to verify that goods were received.

**Contracts**: Per Sample County purchasing policy, the county finance director signs all county contracts dealing with purchasing. All contracts that are over one year in length are reviewed by the county attorney then approved by the county commission. The EA coordinates with the county finance department to ensure contract compliance per county purchasing policy. The EA does not sign any contracts as outlined in the county purchasing policy and 1981 Financial Management System purchasing laws. The EA monitors the copier lease contract against invoices to ensure that the vendor is not overcharging the county (operating lease with variable charge based on number of copies over a certain amount).

**Emergency Purchases**: The EA will coordinate with the county finance department in the case of emergency purchases that arise from unforeseen events that will require normal bidding and/or purchasing procedures to be circumvented because of the nature of the emergency at hand (i.e., purchase of fans for polling place when HVAC suddenly failed during August election). The county purchasing policy addresses emergency purchases, and the AOE office complies with these policies. Emergency purchases, however, would be a rare occurrence in the AOE office.

**Payroll**: Payroll is authorized each fiscal year through the adoption of the county budget. The EA receives a copy of the adopted budget after the county commission approves it then receives a monthly year-to-date expenditure vs. budget report from mayor’s office. The county finance department processes the AOE office payroll after receiving the payroll time-sheets from the EA. Each employee prepares their own time-sheet. Time-sheets are reviewed and approved by the EA before submission to the county finance office. The AOE office provides overtime to all non- exempt employees that work over the normal scheduled workweek hours. All payments to employees are paid through payroll accounts (not vendor accounts) in order to comply with IRS tax code for payroll taxes, state unemployment compensation, worker comp laws and Tennessee Consolidated Retirement System requirements.

# To ascertain if county funds, property, and other assets that are designated/assigned to the county AOE are safeguarded against waste, loss, unauthorized use, or misappropriation.

**Analysis of Expenditures:** The audited financial report detailed expenditure statements was reviewed to identify expenditures of material amounts. In the AOE office, material expenditure amounts were found in office payroll and poll worker pay. Internal controls over these material costs were scrutinized.

**Office Cash Operations** (receipt/deposit/reconcile/segregation of duties over cash): The AOE office utilizes an official pre-numbered receipt book to receipt all funds received in the office. The AOE office receives revenues for paper copies and CDs of voter rolls. The county election commission sets the charge for CDs at $35 per CD. The DEA is assigned to receipt funds for the office and if he is out of the office for a day, the EA would receipt funds. Both are included in the county employee dishonesty insurance policy. A receipt is issued for all funds received and all receipted funds are stored in a bank bag that is placed in a locked filing cabinet. Every Tuesday and Thursday afternoon, the EA deposits all receipted funds with the county trustee’s office and verifies that the deposit equals the total of receipts. The EA brings the trustee office's receipt of deposit back to the AOE office and paperclips the trustee's receipt to the AOE office receipts that make up the deposit. All voided receipts are kept in the office for audit purposes after the EA reviews them for legitimacy. The AOE office maintains no cash on hand or petty cash in the office.

**Inventory of Office Equipment**: The EA keeps an updated inventory list of all county computer equipment, voting machines, printers and office equipment that is assigned to the office. The EA also reviews office inventory listing once a year with the county finance office to ensure accuracy (track additions and surplus) and to be sure all voting machines are covered by county insurance.

# Internal controls over material expenditure line items:

**Office Payroll**: To protect against fraud (ghost employees, unauthorized bonus payments, etc.), all AOE office employees have a personnel file maintained by the county finance office. The EA does not allow employees to perform any work off the clock. The EA maintains an accrual of vacation and sick time for all her employees. The EA reviews each employee’s manual time- sheet for the pay period and signs off on the time-sheet for payment by the county finance office. The EA reviews the end-of-year vacation and sick leave accrual for the office to ensure accuracy and forwards this accrual to county finance. Each year at benefit enrollment time, all AOE employees are provided a list of payroll deductions and are required to sign an authorization form to approve these deductions for the upcoming year.

**Election Poll workers**: All poll workers and alternate poll workers have to be reviewed and approved by the county election commission before the EA can schedule them for work. Poll workers that work on Election Day receive a $100 stipend. Poll workers that work early voting are set up as seasonal employees and are paid $8 per hour and have FICA withheld from their pay along with a W2 for tax purposes in accordance with the adopted Section 218 agreement that is on file. The early voting poll workers are provided overtime if they work over 40 hours a week.

# Revenues and expenditures in the county general fund (as it relates to the AOE office) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

The EA is responsible for coordinating with the county trustee’s office to ensure that all receipted funds are coded to the correct revenue line items (voter roll CDs and document copies). The EA reviews the month-end revenue and expenditure report for the office to ensure that revenues and expenditures are properly recorded. If the EA sees that a foreseen budget amendment is needed, the EA brings this issue to the attention of the election commission prior to the overage occurring. The EA reviews the original approved annual budget on file in the county clerk’s office minute book to be sure that the approved county election office budget was entered into the county accounting software accurately