

SANTA BARBARA COUNTY

Audit Report

PERMANENT ABSENT VOTERS PROGRAM

Chapter 1422, Statutes of 1982

July 1, 2002, through June 30, 2005



JOHN CHIANG
California State Controller

September 2007



JOHN CHIANG
California State Controller

September 12, 2007

The Honorable Joseph E. Holland
Clerk-Recorder-Assessor
Santa Barbara County
P.O. Box 159
Santa Barbara, CA 93102-0159

Dear Mr. Holland:

The State Controller's Office audited the costs claimed by Santa Barbara County for the legislatively mandated Permanent Absent Voters Program (Chapter 1422, Statutes of 1982) for the period of July 1, 2002, through June 30, 2005.

The county claimed \$100,709 for the mandated program. Our audit disclosed that \$50,726 is allowable and \$49,983 is unallowable. The unallowable costs occurred because the county claimed salary and benefit costs that it did not support with actual time records. The State paid the county \$45,138. The State will pay allowable costs claimed that exceed the amount paid, totaling \$5,591, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: The Honorable Robert W. Geis
Auditor-Controller
Santa Barbara County
Rose Rodarte, Fiscal Manager
Office of the Clerk-Recorder-Assessor
Santa Barbara County
Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Views of Responsible Official	2
Restricted Use	2
Schedule 1—Summary of Program Costs.....	3
Findings and Recommendations	4
Attachment—County’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Santa Barbara County for the legislatively mandated Permanent Absent Voters Program (Chapter 1422, Statutes of 1982) for the period of July 1, 2002, through June 30, 2005. The last day of fieldwork was January 10, 2007.

The county claimed \$100,709 for the mandated program. Our audit disclosed that \$50,726 is allowable and \$49,983 is unallowable. The unallowable costs occurred because the county claimed salary and benefit costs that it did not support with actual time records. The State paid the county \$45,135. The State will pay allowable costs claimed that exceed the amount paid, totaling \$5,591, contingent upon available appropriations.

Background

Chapter 1422, Statutes of 1982, added Election Code sections 1450 through 1456 (subsequently renumbered to Election Code sections 3200 through 3206 by Chapter 920, Statutes of 1994). The law requires counties to establish a permanent absent voters program. This legislation requires county clerks to:

- Establish and maintain a list of permanent absent voters who provide evidence of physical disability;
- Mail absent voter ballots to such voters for each election in which they are eligible to vote; and
- Delete from the permanent absent voter list any person who fails to return an executed absent voter ballot for any statewide district primary or general election.

On September 21, 1989, the Commission on State Mandates (CSM) determined that Chapter 1422, Statutes of 1982, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and defines reimbursement criteria. CSM adopted the parameters and guidelines on March 27, 1990. In compliance with Government Code section 17558, the SCO issues mandated program claiming instructions to assist local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Permanent Absent Voters Program for the period of July 1, 2002, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Santa Barbara County claimed \$100,709 for costs of the Permanent Absent Voters Program. Our audit disclosed that \$50,726 is allowable and \$49,983 is unallowable. The State paid the county \$45,135. The State will pay allowable costs claimed that exceed the amount paid, totaling \$5,591, contingent upon available appropriations.

Views of Responsible Official

We issued a draft audit report on June 29, 2007. Rose Rodarte, Fiscal Manager, responded by letter dated July 20, 2007 (Attachment), agreeing with the audit results except for Finding 1. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Santa Barbara County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2005**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference ¹</u>
<u>July 1, 2002, through June 30, 2003</u>				
Salaries and benefits	\$ 27,852	\$ —	\$ (27,852)	Findings 1, 2
Indirect costs	22,131	—	(22,131)	Findings 1, 2
Total program costs	<u>\$ 49,983</u>	—	<u>\$ (49,983)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Salaries and benefits	\$ 1,029	\$ 1,029	\$ —	
Indirect costs	4,562	4,562	—	
Total program costs	<u>\$ 5,591</u>	5,591	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 5,591</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Salaries and benefits	\$ 5,903	\$ 5,903	\$ —	
Indirect costs	39,232	39,232	—	
Total program costs	<u>\$ 45,135</u>	45,135	<u>\$ —</u>	
Less amount paid by the State		(45,135)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2002, through June 30, 2005</u>				
Salaries and benefits	\$ 34,784	\$ 6,932	\$ (27,852)	Findings 1, 2
Indirect costs	65,925	43,794	(22,131)	Findings 1, 2
Total program costs	<u>\$ 100,709</u>	50,726	<u>\$ (49,983)</u>	
Less amount paid by the State		(45,135)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 5,591</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salary and benefit costs, and related indirect costs

The county claimed salary and benefit costs totaling \$27,852 that it did not support with actual time records. The related indirect costs total \$22,131.

The county maintained a time reporting system that included a charge code (PAV) for time spent performing Permanent Absent Voters Program mandated activities. However, county employees did not use the PAV charge code during fiscal year (FY) 2002-03. As a result, the county claimed 90% of salary and benefit costs reported under charge code ELE. The county did not provide any documentation to support the 90% allocation. In addition, the county's Activity Table Report identifies charge code ELE as elections administration. It does not identify any Permanent Absent Voters Program mandated activities associated with this charge code.

The parameters and guidelines require the county to report the actual number of hours devoted to each mandated activity. In addition, the parameters and guidelines state, "For auditing purposes, all costs claimed must be traceable to source documents or worksheets that show evidence of and the validity of such costs."

Recommendation

We recommend that the county claim only those costs that its actual time records support. The county should ensure that employees use the existing time reporting system to properly account for time they spend performing Permanent Absent Voters Program mandated activities.

County's Response

Section VII of the Parameters and Guidelines (P&G's) state that all costs claimed must be traceable to a source document or worksheets that show evidence of and the validity of such costs. The P&G's do not state that actual time records are required to determine validity of costs claimed. While the County did not keep actual time records on this task, the County did establish a reasonable methodology to determine the costs involved, including examining other source documents. The County's source documents included reports that evidence the change in the number of permanent absentee voter registrations from 1,460 to 46,782. From this large change, we reasonably concluded that a certain amount of staff time was involved to update the permanent absent voter file. The methodology used included determining the timeframe in which these registrations took place; generating labor reports to identify staff who worked on these permanent absentee voter registrations; then concluded a percentage of staff time devoted to the task. The County feels this was a reasonable methodology in the absence of actual time records.

SCO's Comment

Our finding and recommendation are unchanged. Regarding appropriate supporting documentation for salary and benefit costs claimed, the parameters and guidelines require claimants to describe the mandated function performed and specify the actual number of hours devoted to each function. The claimant may claim the average number of hours devoted to each function if the claim is supported by a documented time study.

The county maintained a time reporting system that included a charge code (PAV) for time spent performing Permanent Absent Voters Program mandated activities. However, county employees did not use the PAV charge code during fiscal year (FY) 2002-03. Therefore, the county has not provided the referenced "labor reports [that] identify staff who worked on these permanent absentee voter registrations." In addition, the county provided no documentation to support the percentage of time allocated from its "elections administration" charge code to the Permanent Absent Voters Program.

We also noted that the county's FY 2003-04 Permanent Absent Voters Program claim states that the county claimed labor costs applicable to maintaining the permanent absentee voter file on the county's Absentee Ballots Program claim. The county could not determine whether it followed a similar procedure for its FY 2002-03 Permanent Absent Voters Program and Absentee Ballots Program claims.

FINDING 2— Duplicate benefit costs claimed

The county claimed duplicate benefit costs totaling \$4,749 in FY 2002-03. The related indirect costs total \$3,773.

The county's records show that the salary costs it claimed also included benefit costs. However, the county claimed benefit costs again, as a separate item on its mandated program reimbursement claim forms. As a result, the county claimed duplicate costs. In Finding 1, we concluded that all FY 2002-03 salary and benefit costs claimed are unallowable. Therefore, there are no additional unallowable costs in this finding.

The parameters and guidelines state, "For auditing purposes, all costs claimed must be traceable to source documents or worksheets that show evidence of and the validity of such costs."

Recommendation

We recommend that the county claim only those costs that its expenditure records support.

County's Response

The county agreed with the audit finding.

**Attachment—
County’s Response to
Draft Audit Report**

JOSEPH E. HOLLAND
County Clerk, Recorder and Assessor
Registrar of Voters

JIM MCCLURE
Asst. County Clerk, Recorder and Assessor



105 E. Anapamu St. 2nd Floor
Santa Barbara, CA 93101

Mailing Address
PO Box 159
Santa Barbara, CA 93102-0159

COUNTY CLERK, RECORDER AND ASSESSOR

July 20, 2007

State Controllers Office
Attn: Jim L. Spano, Chief, Mandated Cost Audits Bureau
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

The County of Santa Barbara reviewed your draft audit report on the audited costs claimed for the legislatively mandated **Permanent Absent Voters Program** for the period of July 1, 2002 through June 30, 2005. Audit finding 1, reports that the County claimed \$49,983 in Fiscal Year 2002-03 which are being unallowed because the County failed to support the costs with actual time records. Section VII of the Parameters and Guidelines (P&G's) state that all costs claimed must be traceable to a source document or worksheets that show evidence of and the validity of such costs. The P&G's do not state that actual time records are required to determine validity of costs claimed. While the County did not keep actual time records on this task, the County did establish a reasonable methodology to determine the costs involved, including examining other source documents. The County's source documents included reports that evidence the change in the number of permanent absentee voter registrations from 1,460 to 46,782. From this large change, we reasonably concluded that a certain amount of staff time was involved to update the permanent absentee voter file. The methodology used included determining the timeframe in which these registrations took place; generating labor reports to identify staff who worked on these permanent absentee voter registrations; then concluded a percentage of staff time devoted to the task. The County feels this was a reasonable methodology in the absence of actual time records.

We ask that the audit findings consider reasonableness and fairness in determining the costs allowed. The County conducted a significant number of permanent absentee voter registrations in Fiscal Year 2002-03 and in all fairness should be allowed to receive reimbursement for the resources expended as a result of this mandated undertaking.

The County further agrees with the remaining audit findings. Should you have any questions, please contact me at (805)568-2687.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rose Rodarte".

Rose Rodarte, Fiscal Manager

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>