

# **SAN MATEO COUNTY**

Audit Report

## **ABSENTEE BALLOTS PROGRAM**

Chapter 77, Statutes of 1978,  
and Chapter 920, Statutes of 1994

*July 1, 1999, through June 30, 2002*



**STEVE WESTLY**  
California State Controller

August 2004



**STEVE WESTLY**  
California State Controller

August 10, 2004

Mr. Warren Slocum  
Chief Elections Officer and  
Assessor-County Clerk-Recorder  
San Mateo County  
County Government Center  
555 County Center, 3<sup>rd</sup> Floor  
Redwood City, CA 94063-1665

Dear Mr. Slocum:

The State Controller's Office has completed an audit of the claims filed by San Mateo County for costs of the legislatively mandated Absentee Ballots Program (Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994) for the period of July 1, 1999, through June 30, 2002.

The county claimed \$444,446 for the mandated program. Our audit disclosed that \$439,314 is allowable and \$5,132 is unallowable. The unallowable costs occurred because the county claimed unsupported fringe benefit costs. The county was paid \$380,888. Allowable costs claimed in excess of the amount paid total \$58,426.

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

Sincerely,

*Original Signed By:*

VINCENT P. BROWN  
Chief Operating Officer

VPB:JVB/ams

cc: The Honorable Tom Huening, Controller  
San Mateo County  
Willy Padilla  
Financial Services Manager  
Department of Elections  
San Mateo County  
James Tilton, Program Budget Manager  
Corrections and General Government  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by San Mateo County for costs of the legislatively mandated Absentee Ballots Program (Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was March 8, 2004.

The county claimed \$444,446 for the mandated program. The audit disclosed that \$439,314 is allowable and \$5,132 is unallowable. The unallowable costs occurred because the county claimed unsupported fringe benefit costs. The county was paid \$380,888. Allowable costs claimed in excess of the amount paid total \$58,426.

## Background

Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994, require that absentee ballots be available to any registered voter without the prerequisite of certain conditions as required under prior law. Under prior law, absentee ballots were provided only when one of the following conditions were met: illness, absence from the precinct on the day of election, physical handicap, conflicting religious commitments, or a voter's residence more than ten miles from his/her polling place.

On June 17, 1981, the State Board of Control (now the Commission on State Mandates) ruled that Chapter 77, Statutes of 1978, resulted in state-mandated costs that are reimbursable pursuant to *Government Code* Section 17561.

*Parameters and Guidelines*, adopted by the Commission on State Mandates on August 12, 1987, and last amended on December 18, 1997, establishes state mandates and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement to assist local agencies in claiming reimbursable costs.

## Objective, Scope, and Methodology

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the Absentee Ballots Program (Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994) for the period of July 1, 1999, through June 30, 2002.

The auditor performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;

- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Section 17558.5. The SCO did not audit the county's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

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

## Conclusion

The audit disclosed an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, San Mateo County claimed \$444,446 for costs of the Absentee Ballots Program. The audit disclosed that \$439,314 is allowable and \$5,132 is unallowable.

For fiscal year (FY) 1999-2000, the county was paid \$194,515 by the State. The audit disclosed that \$191,167 is allowable. The amount paid in excess of allowable costs claimed, totaling \$3,348, should be returned to the State.

For FY 2000-01, the county was paid \$80,271 by the State. The audit disclosed that \$142,221 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$61,950, will be paid by the State based on available appropriations.

For FY 2001-02, the county was paid \$106,102 by the State. The audit disclosed that \$105,926 is allowable. The amount paid in excess of allowable costs claimed, totaling \$176, should be returned to the State.

## Views of Responsible Official

The SCO issued a draft audit report on June 18, 2004. The auditor contacted Willy Padilla, Financial Services Manager in the county Elections Department, by telephone on June 28, 2004. Mr. Padilla expressed agreement with the audit results and declined to respond in writing to the draft report.

**Restricted Use**

This report is solely for the information and use of San Mateo 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, 1999, through June 30, 2002**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u> <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>			
Salaries	\$ 205,757	\$ 205,757	\$ —
Benefits	11,091	6,848	(4,243)
Services and supplies	<u>89,110</u>	<u>89,110</u>	<u>—</u>
Total direct costs	305,958	301,715	(4,243)
Indirect costs	<u>68,929</u>	<u>68,929</u>	<u>—</u>
Total costs of absentee ballots cast	374,887	370,644	<u>\$ (4,243)</u>
Number of absentee ballots cast	<u>÷ 91,143</u>	<u>÷ 91,143</u>	
Cost per absentee ballot (rounded)	4.11	4.07	
Number of reimbursable absentee ballots cast	<u>× 77,182</u>	<u>× 77,182</u>	
Gross reimbursable costs	317,218	313,870	
Less offsetting savings/reimbursements	<u>(122,703)</u>	<u>(122,703)</u>	
Net reimbursable costs	<u>\$ 194,515</u>	191,167	<u>\$ (3,348)</u>
Less amount paid by the State		<u>(194,515)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (3,348)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Salaries	\$ 207,222	\$ 207,222	\$ —
Benefits	11,139	9,242	(1,897)
Services and supplies	<u>85,946</u>	<u>85,946</u>	<u>—</u>
Total direct costs	304,307	302,410	(1,897)
Indirect costs	<u>72,735</u>	<u>72,735</u>	<u>—</u>
Total costs of absentee ballots cast	377,042	375,145	<u>\$ (1,897)</u>
Number of absentee ballots cast	<u>÷ 99,733</u>	<u>÷ 99,733</u>	
Cost per absentee ballot (rounded)	3.78	3.76	
Number of reimbursable absentee ballots cast	<u>× 84,508</u>	<u>× 84,508</u>	
Gross reimbursable costs	319,484	317,876	
Less offsetting savings/reimbursements	<u>(175,655)</u>	<u>(175,655)</u>	
Net reimbursable costs	<u>\$ 143,829</u>	142,221	<u>\$ (1,608)</u>
Less amount paid by the State		<u>(80,271)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 61,950</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>			
Salaries	\$ 143,228	\$ 143,228	\$ —
Benefits	8,387	8,182	(205)
Services and supplies	<u>34,397</u>	<u>34,397</u>	<u>—</u>
Total direct costs	186,012	185,807	(205)
Indirect costs	<u>55,429</u>	<u>55,429</u>	<u>—</u>
Total costs of absentee ballots cast	241,441	241,236	<u>\$ (205)</u>
Number of absentee ballots cast	<u>÷ 75,538</u>	<u>÷ 75,538</u>	
Cost per absentee ballot (rounded)	3.20	3.19	
Number of reimbursable absentee ballots cast	<u>× 64,480</u>	<u>× 64,480</u>	
Gross reimbursable costs	206,098	205,922	
Less offsetting savings/reimbursements	<u>(99,996)</u>	<u>(99,996)</u>	
Net reimbursable costs	<u>\$ 106,102</u>	105,926	<u>\$ (176)</u>
Less amount paid by the State		<u>(106,102)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (176)</u>	
<u>Summary: July 1, 1999, through June 30, 2002</u>			
Net reimbursable costs	<u>\$ 444,446</u>	\$ 439,314	<u>\$ (5,132)</u>
Less amount paid by the State		<u>(380,888)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 58,426</u>	

<sup>1</sup> See the Finding and Recommendation section.



# Finding and Recommendation

**FINDING—  
Fringe benefit costs  
unsupported**

The county claimed fringe benefit costs that were not supported by its accounting records and differed from costs it actually incurred. The differences appeared to be the result of mathematical and other errors made by the county and its consultant who prepared the claims.

*Parameters and Guidelines* for the Absentee Ballots Program specifies that only actual increased costs incurred in the performance of the mandated activities and supported by appropriate documentation are reimbursable.

Claimed costs have been adjusted by \$6,345 as follows (total reimbursable costs have been reduced in Schedule 1 by only \$5,132 due to the effects of the mandate reimbursement formula):

	Audit Adjustment			Total
	Fiscal Year			
	1999-2000	2000-01	2001-02	
Fringe benefits	\$ (4,243)	\$ (1,897)	\$ (205)	\$ (6,345)

**Recommendation**

The county should ensure that all costs claimed are eligible increased costs incurred as a result of the mandate, and are supported by accounting records.

**State Controller's Office  
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