



# MIAMIBEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager  
VIA: Kathie G. Brooks, Budget and Performance Improvement Director  
FROM: James J. Sutter, Internal Auditor

DATE: January 12, 2009  
AUDIT: Miami-Dade Elections Department Invoice Review  
PERIOD: October 29, 2007 through November 20, 2007

This audit is the result of the City Clerk's request to review the expenses relating to the Miami-Dade County Elections Department's \$95,679.67 invoice pertaining to the municipal elections held on November 6, 2007 and the \$71,802.16 invoice for the subsequent run-off election held two weeks later on November 20, 2007.

### INTRODUCTION

The Miami-Dade County Elections Department (MDCED) conducts elections, registers voters, and maintains voter records and election results for Miami-Dade County and all of its municipalities. Miami-Dade Elections Department's main offices are currently located at 2700 N.W. 87<sup>th</sup> Avenue in Doral and are presently under the supervision of the County's Supervisor of Elections.

Early voting for Miami Beach constituents to elect a Mayor and three Commissioners was held at various locations throughout the City between October 29, 2007 and November 4, 2007 with the actual election held on November 6, 2007. For those races in which a candidate did not receive more than 50% of the votes, a run-off election was held on November 20, 2007 in accordance with City Code Section 2.01. The following illustration shows the amounts invoiced to the City for the last three regular and run-off elections:

	Year	2005	2006	2007
<b>Regular Elections</b>	Election Dates	11/15/05	11/07/06 (1)	11/06/07
	Amount Invoiced	\$ 88,879.00	\$ 5,962.00	\$ 95,679.67
<b>Run-Off Elections</b>	Election Dates	11/29/05	11/21/06	11/20/07
	Amount Invoiced	\$ 53,286.00	\$ 68,843.35	\$ 71,802.16
<b>Totals</b>	Amounts Invoiced	\$142,165.00	\$ 74,805.35	\$167,481.83

(1): City elections were held together with countywide elections. As a result, amounts invoiced to the City were materially less. Since it is a county election, most costs are paid by the county.

Amounts invoiced to the City have been historically affected by two major components. One is the increase in poll worker compensation along with inflationary factors affecting the cost of supplies, truck rentals, etc. The second component is the number of municipalities holding elections concurrently. According to the Miami-Dade Elections Department, there are costs incurred during elections held by multiple municipalities that can not be specifically identified to a particular municipality; therefore they are allocated among all municipalities using a weighted average method based on the number of registered voters for each municipality.

In 2006 and 2008 the City of Miami Beach held special elections concurrently with Countywide General Elections. Costs invoiced for these elections as compared to city regular elections are as follows:

Internal Audit Report  
Miami-Dade Elections Department Invoice Audit  
January 12, 2009

Election Dates	11/15/05	11/07/06 (1)	11/06/07	1/29/08 (1)
Amount Invoiced	\$ 88,879.00	\$ 5,962.00	\$ 95,679.67	\$ 2,964.00

(1): City elections were held together with countywide elections on these dates. As a result, amounts invoiced to the City were substantially less.

City elections held concurrently with Countywide elections reflect a reduction of the costs incurred by the City. On average the City's cost is estimated to be about \$87,816 higher for elections not held concurrently with the Countywide elections.

Similar analysis have been completed and proposed by District 6 County Commissioner, Rebecca Sosa (LTC 125-2008) and the MDCED, with all data reflecting substantial cost savings for municipal elections held during countywide elections. However, this is a policy decision to be determined by City Commission, based on the best interest for the City.

## OVERALL OPINION

Although the Miami-Dade County Elections Department provided several schedules, documents, reports, and vendor invoices substantiating most of the line items invoiced to the City of Miami Beach, the documentation could be improved. Also, the requested schedules were not easily made available and it was not always easy to trace to the supporting numbers without assistance from the Election's administration. In addition we found that insufficient supporting documentation was provided for the Administrative Overhead charge of 20% which starting in 2006. This allocation was not supported by adequate documentation and should not be charged to municipalities

## PURPOSE

The purpose of this audit is to determine whether invoices for City held elections submitted by the County are supported by actual costs and allocations based on reasonable supported methods and documentation.

## SCOPE

1. Verify that proper documentation is maintained to support invoiced amounts charged for municipal elections in 2007.
2. Confirm that the allocation methods are reasonable and accurately applied to the municipal units being charged.

## FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding: *Insufficient information and support documentation was provided to substantiate amounts invoiced to the City for Administrative Overhead.*

Administrative Overhead, which is billed at 20% of the total invoice items, equaled \$28,407.64 for the 2007 regular and run-off elections and the 2008 Countywide Special Election (received subsequent to our audit) as follows:

Internal Audit Report  
 Miami-Dade Elections Department Invoice Audit  
 January 12, 2009

Election	Invoice Subtotal	Administrative Overhead	Total Invoice
Municipal Election 11/6/07	\$79,733.06	\$15,946.61	\$95,679.67
Municipal Election Run-Off 11/20/07	59,835.13	11,967.03	71,802.16
Countywide Election (Special) 1/29/08	2,470.00	494.00	2,964.00
Totals	\$142,038.19	\$28,407.64	\$170,445.83

Further testing found that Administrative Overhead of \$12,467.89 was invoiced to the City for the first time during the municipal elections held in 2006.

The Miami-Dade County Elections Department or MDCED started this practice during the 2006 elections to charge for those expenses which are more difficult to allocate amongst the various municipalities. The MDCED provided us with an explanation that these charges included but were not limited to the following expenses:

- Fleet Costs /Gas
- Senior Staff – Precinct, Tabulation, Audit, Etc.
- Electricity
- Post Audit
- EDMS Process – Precinct Registers
- Poll worker payroll processing
- Usage of machines including Revavote.
- Printing Costs – (Precinct Registers, Authorization Slip, etc.)

Internal Audit requested further supporting documentation or any authority to charge this administrative overhead including County Ordinances or agreements that would justify the percentage charged. In response, the MDCED provided an inter-county e-mail between their department and the Miami-Dade County Finance Department whereby MDCED personnel inquired regarding where to find the Elections Administrative Overhead percentage rate for the current fiscal year. No additional guidance was provided to better define "Elections Administrative Overhead percentage rate" on that e-mail. The response stated that the latest Indirect Cost Plan was a couple of years old and it was 16.72%. It also stated that they were currently working on issuing a new Indirect Cost Plan.

Consequently, Internal Audit conducted additional procedures, which included further research of county ordinances and inquiries for standard invoicing practices of Administrative Overhead for municipal elections in other counties. Both Broward and Palm Beach counties do not charge any administrative overhead. Our additional procedures did not reflect any merits for the charge. We opine that these costs are of an administrative nature and would exist whether or not an election occurred and should be borne by the MDCED in carrying out their required operations of administering elections within the county.

Recommendation(s):

Since no primary reference or supportive allocation has been provided to substantiate the merits of a 20% Administrative Overhead charge, we recommend that the City attempt to recover the amounts paid for these administrative charges. This maybe accomplished by either seeking a refund or deducting the overhead charge from future amounts due.

2 Finding: *Detailed supporting documentation was not readily available for review.*

Although the Miami-Dade County Elections Department (MDCED) provided supporting documents for most of the line items invoiced to the City for election costs incurred, information and reports for poll worker payroll was not readily available and additional efforts were necessary to reproduce the reports provided. In addition, the reports generated did not make reference to dates worked, precincts in which poll workers worked, etc. Moreover, backup documents provided for Labor/Overtime hours worked by seasonal employees and regular employees on the Outreach division, precinct supplies, and phone line activation charges were handwritten and also did not reference dates and/or precincts. Other noted immaterial discrepancies included employee classifications, training site invoicing, etc.

Recommendation(s):

The MDCED should make all maintained supporting documentation readily available to the municipalities for review. In addition, these documents should be closer scrutinized to determine if all needed information is present to provide a proper audit trail. Suggested revisions include adding the dates worked by staff, the precincts worked by poll workers, etc. to the supporting documents.

#### **MDCED'S MANAGERMENTS' RESPONSE**

A draft report was submitted to the Miami-Dade County Elections Department (MDCED) on December 22, 2008 for solicitation of comments and management's response. Due to heavier than expected workloads generated by the recent elections and other issues encountered by the MDCED, they have requested an extension for their response until mid February of 2009. Upon receipt of MDCED's response, we will distribute it to the respective parties.

JJS:FM

(Audit performed by Fidel Miranda, Auditor)

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cc: Robert Parcher, City Clerk  
Patricia Walker, Chief Financial Officer  
Lester Sola, Supervisor of Elections  
Rena A. Saiter, Assistant Deputy Supervisor of Elections