

DEPARTMENT OF STATE

**VOTING SYSTEM STANDARDS
AND CERTIFICATION
AND PRIOR AUDIT FOLLOW-UP**

Operational Audit



SECRETARY OF STATE

Section 20.10, Florida Statutes, creates the Department of State. The head of the Department is the Secretary, who is appointed by the Governor and subject to confirmation by the Senate. The following individuals served as Secretary during the period of our audit:

Ken Detzner	From February 17, 2012
Kurt S. Browning	Through February 16, 2012

The audit was supervised by Janet K. Bentley, CPA. Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 412-2786.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF STATE

Voting System Standards and Certification and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of State (Department) focused on the Department's activities related to the State's voting system standards and certification. Our audit also included a follow-up on the findings noted in our report No. 2011-017. Our audit disclosed the following:

VOTING SYSTEM STANDARDS AND CERTIFICATION

Finding No. 1: The Department's voting system examination and certification processes need improvement to ensure compliance with State law and *Florida Voting System Standards*.

Finding No. 2: The Department had not established policies and procedures to ensure compliance with the State law requiring that the Secretary of State and any examiners have no pecuniary (financial) interest in the voting systems equipment examined.

Finding No. 3: The Department did not seek reimbursement from voting system vendors, as provided for in State law, for all the actual costs associated with voting system examinations.

Finding No. 4: The Department did not have adequate acquisition filing procedures in place to ensure the accuracy and completeness of the Department's inventory of county voting systems.

Finding No. 5: Improvements are needed in the conduct and documentation of Department reviews of county voting system security procedures to better ensure and demonstrate that the procedures meet the minimum security standards established pursuant to State law.

PRIOR AUDIT FOLLOW-UP

Finding No. 6: Improvements are still needed to ensure the timely recording of tangible personal property acquisitions and proper accountability for Department property items.

Finding No. 7: The Department's user access privilege controls related to the grants administration system continue to need enhancement.

ADDITIONAL MATTER

Finding No. 8: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

BACKGROUND

State law¹ creates the Department of State (Department) and designates the Secretary of State as Department head. The Secretary of State has multiple roles and titles, including Florida's Chief Election Officer² and Chief Cultural Officer.³ The Department's mission includes collecting the State's important public records, preserving and promoting the State's rich historical and cultural heritage, helping promote economic development through a business-friendly corporate filing environment, facilitating public access to State government, and providing oversight to assure fair and accurate elections. The Department consists of the Office of the Secretary and the Divisions of Administrative Services, Corporations, Cultural Affairs, Elections, Historical Resources, and Library and Information Services.

¹ Section 20.10, Florida Statutes.

² Section 97.012, Florida Statutes.

³ Section 15.18, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Voting System Standards and Certification

According to the Department, elections are conducted in the State almost every week of the year. These elections are conducted locally by county supervisors of elections or city clerks. Major State and county elections are held in even-numbered years and the Governor is empowered in circumstances prescribed by State law⁴ to call for special elections to fill vacancies created by the death, resignation, etc., of an elected official. Many county referendum elections, special district elections, and city elections are held in odd-numbered years.

The Secretary of State, as Florida's Chief Election Officer, is responsible for maintaining uniformity in the interpretation and implementation of election laws.⁵ To fulfill this responsibility, the Department provides, on a daily basis, election-related assistance to the 67 supervisors of elections and their staff, municipalities, special districts, county and city attorneys, candidates, political committees, elected officials, the media, the public, and others. The Department is also responsible for the State's voting system standards and certification as well as for providing technical support to county supervisors of elections.⁶ State law enumerates various Department responsibilities related to voting systems, including but not limited to, responsibility for:

- Adopting rules that establish the minimum standards for hardware and software for electronic and electromechanical voting systems.⁷
- Reviewing rules governing the State's voting system standards and certification each odd-numbered year.⁸
- Reviewing the voting systems certification standards on a continuous basis to ensure that new technologies are appropriately and timely certified for all elections and developing methods to determine the will of the public with respect to voting systems.⁹
- Examining voting systems for compliance with the requirements of State law.¹⁰
- Adopting rules establishing minimum security standards for voting systems.¹¹
- Reviewing every odd-numbered year the procedures established by each county's supervisor of elections to ensure accuracy and security in his or her county.¹²
- Maintaining voter system information, including filings for county voting systems acquisitions¹³ and each county's logic and accuracy test materials.¹⁴

Our audit included procedures to evaluate the Department's oversight of and activities related to the State's voting system standards, including the Department's examination and certification of voting systems, maintenance of voting system records, and review of county voting system security procedures. As discussed in finding Nos. 1 through 5, the results of our audit procedures disclosed several deficiencies and areas in which Department procedures could be improved.

⁴ Sections 100.101 and 100.111, Florida Statutes.

⁵ Section 97.012(1), Florida Statutes.

⁶ Section 101.017, Florida Statutes.

⁷ Section 101.015(1), Florida Statutes.

⁸ Section 101.015(2), Florida Statutes.

⁹ Section 101.015(7), Florida Statutes.

¹⁰ Section 101.5605(1), Florida Statutes.

¹¹ Section 101.015(4)(a), Florida Statutes.

¹² Section 101.015(4)(b), Florida Statutes.

¹³ Section 101.5607(1)(a), Florida Statutes.

¹⁴ Section 101.5607(1)(b), Florida Statutes.

Finding No. 1: Voting System Examination and Certification

State law¹⁵ requires the Department to publicly examine all makes of electronic or electromechanical voting systems submitted to it by any person owning (e.g., vendors) or interested in the voting system and to determine whether the system complies with the voting system requirements prescribed in State law. For the purpose of assisting in examining voting systems, State law¹⁶ requires the Department to employ or contract for services of at least one individual who is an expert in one or more fields of data processing, mechanical engineering, and public administration, and that individual must produce a written report of his or her examination.

State law¹⁷ specifies that the Department is to approve or disapprove any voting system submitted to it within 90 days after the date of initial submission. State law¹⁸ also requires that, within 30 days of completing the examination and upon approval of the system, the Department make and maintain a report on the system. The Department is to then send a notice of certification and, upon request, a copy of the report, to the governing bodies of the respective counties of the State. Pursuant to State law, any voting system that does not receive the approval of the Department may not be adopted for or used at any election.

In accordance with State law,¹⁹ the Department established minimum standards, the *Florida Voting Systems Standards (Standards)*, for the certification or provisional certification of hardware and software for electronic and electromechanical voting systems and, by reference, incorporated the *Standards* into Department rule.²⁰ The *Standards* contain procedures for testing to determine if the minimum standards have been met and for certifying compliance with the minimum standards, and are intended to complement applicable provisions of State law.

The *Standards* require the Department to perform qualification tests to evaluate the degree to which a voting system complied with State law. According to the *Standards*, within 10 working days of the conclusion of each round of testing, the Department is to issue a report (*Test Status Report*) stating the system passed or, if the system was unsuccessful in the testing, detailing the specifics of any deficiencies.

To assist Department staff during the conduct of voting system examinations, the Department incorporated the *Standards* into the *Florida Voting Systems Certification Checklist and Test Record (Checklist)*. In addition, during the period July 2011 through February 2013, the Department utilized the tools described in Table 1 to evidence and track the Department's voting system examination and certification efforts.

¹⁵ Section 101.5605, Florida Statutes.

¹⁶ Section 101.5605(2)(a), Florida Statutes.

¹⁷ Section 101.5605(2)(d), Florida Statutes.

¹⁸ Section 101.5605(3)(d), Florida Statutes.

¹⁹ Section 101.015(1), Florida Statutes.

²⁰ Department Rule 1S-5.001, Florida Administrative Code.

Table 1
Voting System Examination Tools

Tools	Tool Description
<i>Vendor Application Package</i>	Describes the voting system for which a vendor is seeking certification. Package is completed by the vendor and submitted to the Department.
<i>Testing Plan</i>	Outlines the Department’s scope, objectives, and procedures for the testing to be performed by the Department. The <i>Plan</i> is provided to and accepted by the vendor.
<i>Checklist</i>	Documents the Department’s: <ul style="list-style-type: none"> ➤ Receipt of the vendor application package. ➤ Design of the testing process. ➤ Certificate issuance. ➤ Review and acceptance of Independent Test Authority Reports. ➤ Verification of compliance with specific standards.
<i>Final Test Report</i>	Prepared by the Department, as required by State law, ²¹ to summarize the Department’s test results and conclusions for certified voting systems.
<i>Certification</i>	Prepared by the Department to attest that the voting system complies with the requirements of State law.
<i>Memorandum to Supervisors of Elections</i>	Used by the Department to notify the counties of the voting system’s certification.

Source: Department records.

As part of our audit, we evaluated the tools and procedures developed and utilized by the Department and examined documentation of the Department’s examination and certification efforts for the seven voting system applications submitted by vendors to the Department during the period June 2011 through February 2013. We noted:

- For two of the seven vendor applications, Department staff did not adequately document for the public record the voting system application review and examination process and the basis for Department actions. Specifically:
 - For one application, Department staff did not complete the *Testing Plan* or *Checklist* and a written report of the voting system expert’s examination was not produced as required by State law.²² According to Department records, various issues were encountered during system testing and the vendor requested that the Department suspend testing to allow the vendor time to modify the voting system firmware. The vendor then submitted another application approximately 6 weeks after the testing period for the initial application was suspended. While the Department approved the voting system in the subsequent vendor application, the Department did not document the results of the examination for the voting system in the initial vendor application.
 - For another application, Department records included a partially completed *Checklist* and a letter to the vendor noting various deficiencies disclosed during testing. However, no documentation was available to demonstrate whether the Department approved or disapproved the system.

In response to our audit inquiry, Department management stated that the vendors worked closely with Department staff during the examination process and were aware of the problems encountered.

- Contrary to the *Standards*, the Department did not issue, for any of the seven voting system applications, a *Test Status Report* within 10 working days of the conclusion of each round of qualification testing stating that the system passed or, if the system was unsuccessful in the testing, detailing the specifics of any deficiencies. In response to our audit inquiry, Department management stated that their current examination practices combine the phases of testing into one examination without interruption. Consequently, the *Test Status Report* and the *Final Test Report* “are one and the same.” Department management also stated that the Department

²¹ Section 101.5605(3)(d), Florida Statutes.

²² Section 101.5605(2)(a), Florida Statutes.

would not produce a report if the Department or vendor believed that the voting system was unacceptable in any phase of testing.

- For two of the seven voting system applications, the Department's approval of the voting system occurred 15 and 63 days, respectively, beyond the 90-day time frame specified in State law.²³ In response to our audit inquiry, Department management stated that the 90-day requirement was not always practical due to staffing issues, other priorities, and factors that may be beyond the Department's control.

Documenting voting system examinations, including the timely approval or disapproval of voting systems and consistent utilization of established examination tools, is necessary to demonstrate of record that voting system examinations were conducted in accordance with State law and the *Standards*.

Recommendation: We recommend that Department management ensure that:

- Voting system examination tools are consistently utilized and properly completed and that documentation is retained to demonstrate the Department's examination efforts.
- All required voting system examination reports and documentation are prepared in accordance with State law and the *Standards*.
- Voting systems are approved or disapproved within the time frame established in State law.

Finding No. 2: Pecuniary Interests in Voting Equipment

State law²⁴ specifies that neither the Secretary of State nor any examiner shall have any pecuniary (financial) interest in any voting equipment. To demonstrate the absence of any conflict of interest, it is important that the Department designate through written policy those employees considered to be examiners for the purpose of State law and establish procedures whereby those employees and the Secretary of State provide written attestations affirming the absence of any pecuniary interests in voting system equipment that may be subject to Department examination and certification.

As part of our audit, we reviewed Department procedures and examined records related to the seven voting systems for which the Department received vendor application packages during the period June 2011 through February 2013. We found that the Department had not established a written policy designating the employee positions considered to be voting system examiners for the purpose of State law or procedures to document that the examiners had no pecuniary interest in any voting equipment examined. Department records for the seven voting systems included in our audit testing indicated that eleven Department employees had assisted with the examination of the systems. In response to our audit request for evidence that none of the employees or the Secretary of State had a pecuniary interest in the voting systems examined, the Department provided statements signed by three of the employees attesting that "I do not have any pecuniary interest in any voting equipment." However, each of the statements had been signed a year or more prior to the Department's receipt of the seven vendor application packages. Specifically, two of the three attestation statements were signed and dated in October 2006 and the other statement was signed and dated in June 2010. Department management also indicated that annual *Statements of Financial Interests*²⁵ disclosed pecuniary interests. However, as only principal sources of income or investments that exceed a specified amount or

²³ To calculate the number of days, we considered the date Department records indicated that the application was complete (i.e., contained all the requisite information) as the first day of the 90-day time frame.

²⁴ Section 101.5605(2)(c), Florida Statutes.

²⁵ Section 112.3144, Florida Statutes, requires that certain individuals annually file with the Commission on Ethics a full and public disclosure of his or her financial interests. The Commission on Ethics established the Statement of Financial Interests to facilitate the filing.

percentage are required to be disclosed on the *Statements of Financial Interests*, these forms would not necessarily evidence that a filer had no financial interest in any voting equipment. Additionally, as only certain specified State employees are required to file *Statements of Financial Interests*, only the Secretary of State and one of the eleven Department employees involved in the examination of the seven voting systems were required to file annual *Statements of Financial Interests*.

The establishment of a policy designating the employee positions considered to be voting system examiners for the purpose of State law and procedures that require those examiners and the Secretary of State to periodically attest, in writing, the absence of any pecuniary interests in any voting equipment, would promote confidence in the integrity of the examination and certification processes and better demonstrate the Department's compliance with State law.

Recommendation: We recommend that Department management establish and implement policies and procedures that designate the employee positions with voting system examiner responsibilities and that provide for periodic written attestations from the Secretary of State and designated examiners affirming the absence of any pecuniary interests in any voting equipment.

Finding No. 3: Voting System Examination Cost Reimbursement Requests

State law²⁶ requires that the party submitting a voting system for approval reimburse the Department in an amount equal to the actual costs incurred by the Department in examining the system and that such reimbursement is to be made whether or not the system is approved by the Department. However, the types of costs to be included in the Department's actual costs are not enumerated in State law. In response to our audit inquiry, Department management indicated that the Department had considered reimbursable actual costs to encompass the costs for examination-related travel.

We examined travel and reimbursement request documentation related to examinations conducted for two voting systems submitted by vendors for Department approval. These examinations involved Department employee in-State and out-of-State travel during the period July 2011 through February 2013. We found that the Department did not request reimbursement from the vendors for all the travel costs directly associated with the examinations. Specifically:

- The Department did not identify all the travel costs directly related to the examinations and, as a result, did not seek reimbursement from the vendors for the applicable employees' per diem, meal expenses, and mileage costs totaling \$3,205.
- The Department inadvertently omitted from the vendor reimbursement requests, costs totaling \$397 that related to employee lodging, car rental, gasoline, tolls, and parking expenses.

In response to our audit inquiry, Department management indicated that, while historically the Department had not sought reimbursement from the voting system applicant for per diem, meals, and mileage costs, going forward, the Department would do so. Additionally, Department management stated that they would implement procedures to verify that requests for vendor reimbursements are complete.

Absent identification of all the costs directly associated with an examination and effective reimbursement request review procedures, the Department may not recover all the actual costs incurred by the Department in examining voting systems.

²⁶ Section 101.5605(2)(b), Florida Statutes.

Recommendation: We recommend that Department management seek legislative clarification regarding the actual voting system examination costs subject to voting system applicant reimbursement pursuant to State law. Additionally, we recommend that Department management enhance the review of reimbursement requests for voting system examination costs to ensure that all costs permitted by State law are included.

Finding No. 4: County Voting System Acquisition Filings

Pursuant to State law,²⁷ each supervisor of elections is to file, at the time of purchase or implementation, copies of the program codes, user and operator manuals, and all software, specifications, or any other documentation required by the Department related to the voting system and equipment. Any such information or materials (acquisition filings) that are not on file with and approved by the Department, including any updated or modified materials, may not be used in an election.

According to Department management, all new acquisitions of, or modifications and upgrades to, voting systems were to be tested and verified by Department staff. After Department staff tested, verified, and approved a voting system, or any changes to a voting system, they were to send the county a package containing the software approved for installation along with the user manuals and the vendor's sworn certificate of delivery. A *Voting System Acquisition Report (Acquisition Report)* that the county was to complete and return to the Department upon implementation of the new, modified, or upgraded voting system was also to be included in the package. In response to our audit inquiry, Department management stated that the completed *Acquisition Report* served as objective evidence that the county had implemented the new or upgraded system.

To track Department efforts to collect county voting system *Acquisition Reports*, Department staff maintained a log sheet. In response to our audit inquiry, Department management indicated that if a county had not returned the *Acquisition Report* within 2 to 3 weeks, Department staff were to contact the county and inquire if the new, modified, or upgraded voting system had been implemented and, if not, determine when the county planned to implement the system. Additionally, Department procedures provided that Department staff were to notify management when a county failed to provide acquisition filing materials within 30 calendar days from when the Department initially sent the package so that additional follow-up actions could be taken. Once Department staff received the *Acquisition Report* from the county, they were to update the log sheet and the Department's master inventory listing of county voting systems and publish the updated listing on the Department's Web site. Department staff were also to prepare and send an acknowledgement letter notifying the supervisor of elections that his or her county had satisfied its acquisition filing requirement and the county's voting system was approved for use.

As part of our audit, we selected ten county²⁸ voting system acquisition filings made during the period July 2011 through February 2013 and evaluated the Department's processes for ensuring the receipt of the required filing materials and maintaining an accurate and up-to-date inventory listing of county voting systems. Our audit procedures disclosed that:

- Although the Department had previously established written procedures for processing acquisition filings and maintaining an inventory listing of county voting systems, the procedures had not been updated since 2007 and, in response to our audit inquiry, Department management stated that the procedures were no longer being utilized.

²⁷ Section 101.5607(1)(a), Florida Statutes.

²⁸ The filings were made by Alachua, Broward, Flagler, Gulf, Leon, Nassau, Orange, Pasco, Union, and Volusia counties.

- For eight applicable county filings, Department staff did not timely follow-up with the counties when the counties' did not return the *Acquisition Reports* within 30 days after the Department sent the voting system package to the counties. Specifically:
 - For three of the county filings (made by Flagler, Pasco, and Volusia counties), the Department was unable to provide evidence that any contact had been made with the counties regarding the unreturned *Acquisition Reports*. The *Acquisition Reports* were ultimately received by the Department, but not until 58 to 248 days after the Department sent the voting system packages to the counties and 2 to 21 days after a newly acquired, modified, or upgraded voting system had been installed by the counties.
 - For the remaining five county filings (made by Alachua, Broward, Leon, Orange, and Union counties), evidence of Department staff's first follow-up with the counties was dated 181 to 395 days after the Department sent the voting system packages to the counties. The *Acquisition Reports* were ultimately received by the Department, but not until 309 to 651 days after the voting system packages were sent to the counties and 1 to 614 days, or an average of 321 days, after a newly acquired, modified, or upgraded voting system had been installed by the counties.

In these instances, Department staff did not notify Department management of the need to follow-up when the counties did not return the completed *Acquisition Reports* within 30 calendar days from the date the Department sent the voting system packages to the counties. When the Department does not timely receive *Acquisition Reports*, the master inventory listing of county voting systems published on the Department's Web site cannot be timely updated.

- Subsequent to the Department's receipt of the *Acquisition Reports* from the ten counties, the Department did not send an acknowledgement letter to the applicable supervisors of elections notifying them that their counties had satisfied the acquisition filing requirements and that the voting systems were approved for use.

Absent procedures that describe the Department's current processes related to acquisition filings and the maintenance of an inventory listing of voting systems, and timely communication and follow-up with counties to ensure that *Acquisition Reports* are properly completed and timely returned, Department management's assurances as to the accuracy and completeness of the counties' acquisition filings and the Department's inventory listing is reduced and the Department cannot demonstrate that only those voting systems on file with and approved by the Department are being utilized in county elections.

Recommendation: To ensure the accuracy and completeness of the Department's inventory of county voting systems, we recommend that Department management enhance procedures to appropriately address the processing of acquisition filings and the maintenance of the county voting systems inventory listing and to require that Department staff timely follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems.

Finding No. 5: County Voting System Security Procedures

State law²⁹ requires that each supervisor of elections establish written procedures to assure accuracy and security over the voting systems in the county, including procedures related to early voting. State law further requires that the Department review the procedures in each odd-numbered year. Department rules³⁰ establish the minimum security procedures for voting systems and also require each supervisor of elections to submit any security procedure revisions to the Department within 45 days prior to the commencement of early voting for the first election in which the revised security procedures are to take effect. The Department is to review the revisions for compliance with Department rules and notify the supervisor of elections as to the results of the review within 30 days after the revised security procedures are received by the Department.

²⁹ Section 101.015(4)(b), Florida Statutes.

³⁰ Department Rule 1S-2.015, Florida Administrative Code.

Reviews of Revised County Voting System Security Procedures

According to Department policies and procedures, upon receipt of a county's revised security procedures, Department staff are to date stamp the revised procedures and update the Department's tracking log. Department staff are to complete a *Checklist for Minimum Security Procedures and Technical Advisory (Security Checklist)*, addressing all the minimum security standards, as part of their review of the county's security procedures. The *Security Checklist* is to enable Department staff to identify the areas in which the county's security procedures met or did not meet applicable security standards. Once the review is completed, Department staff are to send to the supervisor of elections either an acceptance letter or, if any deficiencies were noted, an acknowledgement letter along with a copy of the *Security Checklist* and list of noncompliant elements. The *Security Checklist* and a copy of the applicable letter is to be retained by the Department for a minimum of 2 years in accordance with the applicable State records retention schedule.³¹

Our examination of Department processes and procedures for reviewing revised county voting system security procedures and related documentation disclosed that improvements are needed to better ensure and demonstrate that security procedure deficiencies are timely identified, followed up on, and corrected. Specifically:

- We reviewed the Department's tracking log covering the period January 1, 2011, through March 4, 2013, and identified six counties (Baker, DeSoto, Glades, Hardee, Hernando, and Palm Beach) that had submitted revised security procedures (four in 2008 and two in 2010) and, after the Department's review, were sent acknowledgement letters and copies of *Security Checklists* and lists of noncompliant elements, but had not subsequently submitted enhanced procedures that met all the minimum security standards set forth in Department rules. In response to our audit inquiry, Department management stated that Department staff did not track follow-up efforts made with the counties to address security procedures deficiencies and that a county's corrective action would only require replacement procedures, revisions, or an addendum to the security procedures.
- We also examined documentation related to the Department's review of ten counties³² revised security procedures submitted to the Department during the period July 2011 through February 2013 and found that:
 - For two counties (Lafayette and Okeechobee), contrary to Department rules, Department staff did not complete the review of the counties' security procedures revisions within 30 days of receipt. The number of days between the receipt of the revisions and the completion of the Department staff's review exceeded 30 by 14 and 38 days, respectively. For another county (Franklin), although the Department received the county's revised security procedures in March 2013, Department staff did not perform a review of the procedures until August 2013 when the procedures were reviewed as part of the biennial review process.
 - Although the Department's procedures required management approval of the review package (i.e., completed *Security Checklist*, letter to the supervisor of elections, and list of noncompliant elements, if any), we noted that Department management did not document their approval of the review package for any of the ten counties' revised security procedures. In response to our audit inquiry, Department management stated that management reviewed the *Security Checklists* and the letters to the supervisors of elections, made annotations on the draft letters, then initialed the draft letters indicating review and approval. However, once the letters were finalized and signed, the draft letters were discarded.

Absent effective Department processes and procedures for the timely review of revised county voting system security procedures, including procedures requiring Department staff to timely notify the counties of any noncompliance with the minimum security standards and to follow-up with the counties to ensure that any deficient procedures were

³¹ Pursuant to Section 257.36(1), Florida Statutes, the Department established a records and information management program. As part of that program, the Department established records retention schedules, including the *State of Florida, General Records Schedule GS3 for Election Records*.

³² The counties included in the scope of our examination were Bay, Brevard, Calhoun, Franklin, Hillsborough, Jackson, Lafayette, Martin, Okeechobee, and Polk.

appropriately revised, assurances regarding the accuracy and security of the voting systems utilized by the counties are diminished. In addition, maintaining documentation of management's review and approval of the review package, would enable the Department to demonstrate of record compliance with procedures established to ensure the quality and completeness of the reviews performed.

Biennial Voting System Security Procedure Reviews

As previously noted, pursuant to State law,³³ the Department is to review county voting system security procedures every odd-numbered year. The applicable State records retention schedule³⁴ provides that voting system security procedures records (e.g., security procedures and *Security Checklist*) be maintained for a minimum of 2 years.

Our evaluation of Department processes and procedures and examination of related documentation for the biennial reviews of county security procedures disclosed that improvements were needed. Specifically:

- We noted that the Department did not have a procedure requiring that Department staff contact the counties in advance of the biennial reviews to verify that the counties' most recent security procedures were on file with the Department. Additionally, Department staff indicated that, while they completed a *Security Checklist* as part of the biennial review, they did not send either an acceptance or acknowledgement letter to the county indicating the results of the review.
- As previously described, Department staff reviewed six counties' revised security procedures and notified the counties that the procedures were deficient; however, the Department did not follow-up with the counties to ensure that the procedures were enhanced to comply with the minimum security standards. As part of the biennial reviews conducted in 2009 and 2011, Department staff reviewed the six counties' same security procedures on file with the Department and again noted the compliance deficiencies.³⁵ However, upon completion of the biennial reviews, Department staff did not communicate the continued deficiencies to the counties or take other steps to ensure that the counties timely updated the security procedures to conform to the requirements of State law and Department rules.
- Our examination of documentation related to Department biennial reviews of ten counties³⁶ security procedures performed during 2011 disclosed that Department staff did not retain the security procedures as part of the review package for one of the ten counties (Franklin).

The value of the statutorily required biennial reviews is diminished when Department staff do not verify that the county's most recent security procedures are being subjected to review and when Department staff again review the same security procedures already found to be deficient in an earlier review. In addition, absent the communication of county security procedures deficiencies and efforts to obtain and maintain security procedures that demonstrate each county's compliance with the minimum security standards, the Department's ability, as a reviewing authority, to provide assurances regarding the adequacy of the county voting systems security procedures is limited.

Recommendation: We recommend that Department management enhance the Department's policies and procedures to:

- **Require timely follow up with counties that have security procedures deficiencies to ensure that the counties appropriately revise the procedures to comply with State law and to meet the minimum security standards set forth in Department rules.**

³³ Section 101.015(4)(b), Florida Statutes.

³⁴ *State of Florida, General Records Schedule GS3 for Election Records.*

³⁵ Department staff again reviewed the security procedures submitted in 2008 by the Baker, DeSoto, Hardee, and Palm Beach counties during both the 2009 and 2011 biennial reviews and the security procedures submitted in 2010 by the Glades and Hernando counties during the 2011 biennial review.

³⁶ The counties included in the scope of our examination were Alachua, Bay, Columbia, Franklin, Gulf, Hillsborough, Jackson, Levy, Palm Beach, and Polk.

- Ensure that reviews of revised county voting system security procedures are completed within 30 days in accordance with Department rules.
- Better ensure that Department staff maintain adequate documentation to demonstrate the receipt and review of revised county security procedures and Department management's approval of the review package and to promote compliance with the applicable State records retention schedule.
- Verify, in advance of performing a statutorily required biennial voting system security procedures review, that the Department has the county's most recent security procedures on file.
- Provide counties with the results of the biennial voting system security procedures reviews and to follow up with counties, as appropriate, to promote the establishment of county security procedures that comply with State law and minimum security standards.

Prior Audit Follow-Up

Finding No. 6: Tangible Personal Property Records

Department of Financial Services (DFS) rules³⁷ require that all tangible personal property with a value or cost of \$1,000 or more and having a projected useful life of one year or more be recorded in the Florida Accounting Information Resource Subsystem (FLAIR), the State's accounting records, as property for inventory purposes. Additionally, although DFS rules do not require State agencies to record attractive or sensitive items (e.g., laptops and wireless devices) costing less than \$1,000 in FLAIR, the portability and desirability of such items and the sensitivity of the data they may contain, necessitate additional safeguards related to their control, assignment, and use.

In our report No. 2011-017, finding No. 2, we noted that Department property records were not always timely updated for tangible personal property acquisitions and that the Department did not maintain a listing of attractive and sensitive property items, limiting accountability for these items. As part of our follow-up procedures, we reviewed Department procedures and examined selected property records and found that, while improvements in property item accountability had been made, areas for improvement remained. Specifically, we noted that although the Department had established procedures requiring that all tangible personal property and attractive or sensitive property items be recorded in the Department's property records within 60 days of acquisition, those procedures were not always followed. Our audit tests disclosed that the Department acquired 74 property items during the period July 2011 through January 2013 at a total cost of \$630,754. However, 30 of the items, with acquisition costs totaling \$107,044, were not recorded in the Department's FLAIR property records within 60 days. Department staff recorded these 30 property items from 69 to 195 days after the dates the items were acquired. In response to our audit inquiry, Department management stated that staff turnover contributed to the delays.

Recommendation: When property acquisitions are not timely recorded, the effectiveness of the Department's controls for providing accountability for property items is weakened. We recommend that Department management ensure that property items acquired are timely recorded in the property records in accordance with State requirements and Department procedures.

Finding No. 7: User Access Privilege Controls

As similarly noted in our report No. 2011-017, finding No. 4, the Department's user access privilege controls for the grants administration system continue to need enhancement. Specific details of the enhancements needed are not

³⁷ DFS Rule 69I-72.002, Florida Administrative Code.

disclosed in this report to avoid the possibility of compromising Department data and information technology (IT) resources. However, appropriate Department personnel have been notified of these items.

Recommendation: We recommend that Department management continue efforts to strengthen user access privilege controls for the grants administration system to reduce the risk of unauthorized access to, modification of, or destruction of Department data and IT resources.

Additional Matter

Finding No. 8: Purchasing Card Cancellations

As a participant in the State’s purchasing card program (PCard Program), the Department is responsible for the implementation of key controls, including the timely cancellation of PCards upon a cardholder’s separation from Department employment. According to Department management, when a cardholder separates from employment, the cardholder’s supervisor is responsible for collecting the PCard and forwarding it to the Department’s Human Resource Office. The Human Resource Office is then to provide the PCard to the Department’s Purchasing Card Administrator (PCPA) for cancellation.

As part of our audit, we examined Department records and identified 28 cardholders who had separated from Department employment during the period July 2011 through February 2013. Our audit tests disclosed that, for 21 of the 28 cardholders 2 to 11 days had elapsed from the dates of employment separation to the dates of PCard cancellation. In response to our audit inquiry, Department management indicated that the delays were due to staff turnover. Department management also stated that, subsequent to our audit inquiry, procedures were developed, effective May 17, 2013, that would require the cardholder’s supervisor to collect the PCard from the cardholder prior to termination and forward the PCard to the PCPA for immediate cancellation.

Although our audit tests did not disclose any charges made subsequent to the cardholder’s separation from Department employment for the 21 PCards that were not timely canceled, absent timely cancellation of PCards the risk of unauthorized purchases is increased.

Recommendation: We recommend that Department management continue efforts to ensure the timely cancellation of PCards when cardholders separate from Department employment.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2011-017.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida’s citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from January 2013 through May 2013 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 operational audit focused on the Department's administration of the State's voting system standards, including maintaining voting system records and reviewing county voting system security procedures. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2011-017.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Interviewed Department personnel, evaluated Department policies and procedures, and examined documentation to determine whether the Department had established a process to examine and certify voting systems in compliance with State law, Department rules, and the *Florida Voting System Standards (Standards)*.

- Examined documentation for seven voting system applications submitted to the Department for certification during the period June 2011 through February 2013 to determine whether the Department adequately documented the voting system examinations and timely approved or disapproved of the voting system in compliance with State law, Department rules, and the *Standards*.
- Interviewed Department personnel, evaluated the Department's process for requesting reimbursement from vendors that submit voting systems for certification, and examined travel reimbursement documentation related to two voting system applications submitted to the Department during the period June 2011 through February 2013 to determine whether the Department sought and received reimbursement from the vendors in accordance with State law.
- Interviewed Department personnel and examined Department records to determine whether the Department maintained documentation demonstrating that the Secretary of State and all voting system examiners did not have any pecuniary interest in voting systems equipment.
- Interviewed Department personnel, evaluated Department policies and procedures, and examined documentation to determine whether the Department had established a process to update and maintain an accurate inventory of county voting systems in accordance with State law.
- Examined documentation for ten voting system acquisition requests made to the Department during the period July 2011 through February 2013 to determine whether the Department tracked the timeliness of county acquisition filings.
- Compared ten county acquisition filings to the Department's voting system inventory records to evaluate whether the Department accurately updated the voting system inventory records and whether the Department appropriately notified the counties that had satisfied their acquisition filing requirements.
- Interviewed Department personnel, evaluated Department policies and procedures, and examined documentation to determine whether the Department had established a process to effectively review county voting system security procedures and to timely resolve noted deficiencies.
- Evaluated documentation related to ten Department biennial reviews of counties' security procedures performed during 2011 to determine whether the Department had an effective process in place to review county voting system security procedures each odd-numbered year and verify compliance with State law and Department rules.
- Evaluated the Department's review of ten county voting system security procedures revisions submitted to the Department during the period July 2011 through February 2013 to determine whether the Department had an effective process in place to review the revisions for compliance with State law and Department rules.
- Analyzed the Department's 2011, 2012, and 2013 calendar year tracking logs and examined related security procedures review documentation to determine whether the Department tracked and timely followed up with counties with noted voting system security procedures deficiencies.
- Interviewed Department personnel and examined documentation to determine whether the Department developed a Statewide uniform poll worker training curriculum in compliance with State law and Department rules and made the training material available to all counties.
- Evaluated Department actions taken to correct the deficiencies noted in our report No. 2011-017. Specifically:
 - Interviewed Department personnel and performed analytical procedures to determine whether the Department had compiled and maintained a complete and accurate listing of all Department contracts.
 - Interviewed Department personnel, reviewed established policies and procedures, and performed analytical procedures to determine whether the Department timely recorded the 74 property items acquired during the period July 2011 through January, at a total cost of \$630,754, in the property records and maintained a listing of items of an attractive and sensitive nature.
 - Interviewed Department personnel, evaluated the Department's grant monitoring procedures, and reviewed five Division of Historical Resources grant agreements, totaling \$150,998, and five Division of

Cultural Affairs grant agreements, totaling \$68,700, that were awarded during the 2011-12 fiscal year to determine whether the Department had monitored compliance with specific grant provisions.

- Reviewed selected Department application and network security controls for the grants administration system to determine whether the Department had enhanced security controls.
 - Interviewed Department personnel, reviewed established policies and procedures, and reviewed the Department’s tracking log to determine whether the Department had monitored the receipt and review of all financial reporting packages required by the Florida Single Audit Act.
- Interviewed Department personnel and reviewed established policies and procedures to obtain an understanding of Department internal controls related to the Department’s cash management, revenues and cash receipts, administration of the State Purchasing Card Program, and travel expenditures.
 - Observed, documented, and evaluated the effectiveness of selected administrative processes and procedures related to cash management, revenues and cash receipts, and travel expenditures.
 - Interviewed Department personnel, reviewed established policies and procedures, and examined documentation for 28 purchasing cardholders who separated from Department employment during the period July 2011 through February 2013 to determine whether the Department timely canceled the employees’ purchasing cards.
 - Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
 - Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
 - Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

In a response letter dated March 14, 2014, the Secretary of the Department provided responses to our audit findings and recommendations. The Secretary’s response is included as **EXHIBIT A**.

EXHIBIT A
MANAGEMENT'S RESPONSE



FLORIDA DEPARTMENT of STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

March 14, 2014

David W. Martin, CPA
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Preliminary and Tentative audit findings and recommendations on Operational Audit of the Department of State, Voting System Standards and Certification and Prior Audit Follow-up

Dear Mr. Martin:

Please accept this letter and attachment as the Department's response to your letter dated February 12, 2014 applicable to the audit referenced above.

Please do not hesitate to contact me if you have any further questions.

Sincerely,

A handwritten signature in black ink that reads "Ken Detzner".

Ken Detzner
Secretary of State



R. A. Gray Building • 500 South Bronough Street • Tallahassee, Florida 32399
Telephone: (850) 245-6500 • Facsimile: (850) 245-6125 www.dos.state.fl.us
Commemorating 500 years of Florida history www fla500.com



EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

PRELIMINARY AND TENTATIVE AUDIT FINDINGS RESPONSE

Finding No. 1: The Department's voting system examination and certification processes needs improvement to ensure compliance with State law and Florida Voting System Standards.

Recommendation: We recommend that Department management ensure that:

- Voting system examination tools are consistently utilized and properly completed and that documentation is retained to demonstrate the Department's examination efforts.
- All required voting system examination reports and documentation are prepared in accordance with State law and the Standards.
- Voting systems are approved or disapproved within the time frame established in State law.

Agency Response:

The Department concurs with the findings that the submission, examination and approval process should be adequately documented including a final report or closing report whichever is applicable following an examination and recommendation to approve or disapprove. Instances do occur in which a vendor may for any stated or unstated reason to choose to withdraw or suspend his or her system before an examination is even completed and/or a determination is ever reached as to approval or disapproval of a system or modification to a system. The Department has already initiated procedures to ensure better documentation in the application process, including communications, withdrawal, suspension, status reports, and recommendation for approval or disapproval for each voting system's application. The Department has also begun to substantially revise and update its *Voting Systems Standards*.

Finding No. 2: The Department had not established policies and procedures to ensure compliance with the State law requiring that the Secretary of State and any examiners have no pecuniary (financial) interest in the voting systems equipment examined.

Recommendation: We recommend that Department management establish and implement policies and procedures that designate the employee positions with voting system examiner responsibilities and that provide for periodic written attestations from the Secretary of State and designated examiners affirming the absence of any pecuniary interests in any voting equipment.

Agency Response:

The Department of State concurs with the finding and recommendation. The Department has developed the use of a form to fulfill the recommendation (BVSC 023, eff. 02/2014). For each submitted application for approval of a voting system or

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

equipment, each examiner and the Secretary of State will complete the form to indicate whether they have any pecuniary interest in the voting equipment. Additionally, the Department will amend Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code, with its incorporated form, DS-DE 101 (Florida Voting Systems Standards), to define "examiner" as a person within BVSC who has the official duty to check that entity testing is done correctly according to statutes and rules and who recommends a system for approval or disapproval to Florida Division of Elections."

Finding No. 3: The Department did not seek reimbursement from voting system vendors, as provided for in State law, for all the actual costs associated with voting system examinations.

Recommendation: We recommend that Department management seek legislative clarification regarding the actual voting system examination costs subject to voting system applicant reimbursement pursuant to State law. Additionally, we recommend that Department management enhance the review of reimbursement requests for voting system examination costs to ensure that all costs permitted by State law are included.

Agency Response:

The Department of State concurs with the finding and believes that through the rulemaking process it can seek clarification from the Florida Legislature's Joint Administrative Procedures Committee, regarding what constitutes "actual costs" under s. 101.5605(2)(b), Florida Statutes. As the agency charged with interpreting the statute, the Department intends to define "actual costs" when it revises the Florida Voting Systems Standards (Form DS-DE 101), as incorporated by reference into Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code. The current rule draft includes the following: "[r]eimbursable actual costs of testing include reasonable travel costs such as lodging, car rental, parking, gas, airfare, travel-related fees and in the case of meals, not to exceed the per diem rate established per s. 112.061(6), F.S."

To further enhance the recommended review of reimbursement requests for voting system examination costs, the Department will submit BVSC's reimbursement requests to the same level of scrutiny and review currently applied to reimbursement requests sought by state employees for state-related travel. This review will occur before presenting the costs for reimbursement to the entity which had the voting system tested.

Finding No. 4: The Department did not have adequate acquisition filing procedures in place to ensure the accuracy and completeness of the Department's inventory of county voting systems.

Recommendation: To ensure the accuracy and completeness of the Department's inventory of county voting systems, we recommend that Department management enhance procedures to appropriately address the processing of acquisition filings and

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

the maintenance of the county voting systems inventory listing and to require that Department staff timely follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems.

Agency Response:

The Department of State acknowledges the need for better informal internal protocols in determining what new systems and updates are in use in the State. The Department has already instituted enhanced internal procedures and timelines to follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems and better maintain the Department's inventory of county voting systems.

Finding No. 5: Improvements are needed in the conduct and documentation of Department reviews of county voting system security procedures to better ensure and demonstrate that the procedures meet the minimum security standards established pursuant to State law.

Recommendation: We recommend that Department management enhance the Department's policies and procedures to:

- Require timely follow up with counties that have security procedures deficiencies to ensure that the counties appropriately revise the procedures to comply with State law and to meet the minimum security standards set forth in Department rules.
- Ensure that reviews of revised county voting system security procedures are completed within 30 days in accordance with Department rules.
- Better ensure that Department staff maintain adequate documentation to demonstrate the receipt and review of revised county security procedures and Department management's approval of the review package and to promote compliance with the applicable State records retention schedule.
- Verify, in advance of performing a statutorily required biennial voting system security procedures review, that the Department has the county's most recent security procedures on file.
- Provide counties with the results of the biennial voting system security procedures reviews and to follow up with counties, as appropriate, to promote the establishment of county security procedures that comply with State law and minimum security standards.

Agency Response:

The Department of State concurs with the finding and recommendations regarding enhancements to our procedures. Rule 1S-2.015, Fla. Admin. Code, is currently undergoing revisions and those revisions will address the findings by implementing the recommended corrective action.

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

PRIOR AUDIT FOLLOW-UP

Finding No. 6: Improvements are still needed to ensure the timely recording of tangible personal property acquisitions and proper accountability for Department property items.

Recommendation: When property acquisitions are not timely recorded, the effectiveness of the Department's controls for providing accountability for property items is weakened. We recommend that Department management ensure that property items acquired are timely recorded in the property records in accordance with State requirements and Department procedures.

Agency Response:

The Department of State concurs with the finding. The Department has taken steps to reaffirm its policy regarding recording property purchases in the property inventory system in a timely manner. The Department of State Inspector General Office completed a property inventory procedure review on January 14, 2014 and the process of new inventory intake was handled per the procedures with no discrepancies.

Finding No. 7: The Department's user access privilege controls related to the grants administration system continue to need enhancement.

Recommendation: We recommend that Department management continue efforts to strengthen user access privilege controls for the grants administration system to reduce the risk of unauthorized access to, modification of, or destruction of Department data and IT resources.

Agency Response:

The Department of State concurs with the finding. The corrective actions are on file with the Secretary of State.

ADDITIONAL MATTER

Finding No. 8: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Recommendation: We recommend that Department management continue efforts to ensure the timely cancellation of PCards when cardholders separate from Department employment.

Agency Response:

The Department of State concurs with the finding. The Department has instituted measures to insure PCard cancellation upon employee termination. The Department of State Inspector General Office is currently performing a review of the Department's

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

purchasing card plan and the preliminary results of the review reflected that all separated employee cardholders for 2013 were timely deactivated from FLAIR.