

**Electoral Office for Northern Ireland**

**Annual Internal Audit Assurance Report 2009/10**

**29 April 2010**



Ref: BC/LB

**Private and Confidential**

D Bain Esq  
Chief Electoral Officer  
The Electoral Office for Northern Ireland  
2<sup>nd</sup> Floor  
St Anne's House  
15 Church Street  
Belfast  
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29 April 2010

Dear Sir

**Re: Annual internal audit assurance report 2009/10**

**Introduction**

1. In accordance with the terms of our appointment, and the Government Internal Audit Standards ("GIAS"), we hereby report our formal opinion on the adequacy, reliability and effectiveness of the Electoral Office for Northern Ireland's ("EONI") system of internal controls for the year ended 31 March 2010.

**Scope**

2. We were appointed as Internal Auditors to the EONI under the terms of a tender dated December 2007 and our proposal dated 20 February 2008.

3. The scope of our work undertaken in September 2009 and summarised in this annual report, relates to the twelve month period from 1 April 2009 to 31 March 2010.

4. In accordance with the Strategic Plan, the internal audit work in relation to the 2009/10 year focussed on assessing the controls in respect of the following areas:

- a) Area Electoral Offices;
- b) Payroll, pensions and travel expenses (election and casual staff);
- c) Corporate governance;
- d) Elections; and
- e) New registration processes.

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### **Respective responsibilities of the Chief Electoral Officer and the Internal Auditors**

5. In accordance with our Internal Audit Charter dated 31 August 2009 it is the responsibility of EONI's Chief Electoral Officer, to ensure that EONI operates and maintains an effective system of internal control sufficient to safeguard the assets of EONI and to prevent and to detect fraud or error. It is our responsibility to form an independent opinion, based on our internal audit work, on the systems of internal control and to report our opinion to you annually.

### **Basis of assurance**

6. We planned and performed our internal audit work to obtain reasonable assurance that the systems were operating as described and that the accounting records were not materially misstated on account of fraud or error. However, you should not rely on our work to identify all instances of fraud or error. The responsibility for these matters rests with management and the Chief Electoral Officer.

### **Findings**

7. Detailed control objectives were identified in relation to each area in advance of our fieldwork visit. Background details for each area, the specific control objectives identified for each system and the key findings identified in the course of our fieldwork, are outlined in each of the internal audit reports. The findings of these reports can be broadly summarised as follows:

<b>System</b>	<b>Assurance rating</b>	<b>Number of recommendations</b>
Area Electoral Offices	Satisfactory	5
Payroll, pensions and travel expenses (election and casual staff)	Satisfactory	5
Corporate governance	Substantial	2
Elections	Satisfactory	6

8. Our internal audit reports detailing our findings in relation to each of the areas noted above were presented to the Management during October 2009 and November 2009.

### **Internal audit coverage - actual and planned**

9. We have completed four of the five internal audit assignments detailed in the 2009/10 internal audit plan. The internal audit review of new registration processes has been deferred at Management's request. In addition, we undertook two other advice and guidance related assignments as detailed in paragraph 10.

### **Additional Work**

10. In addition to those assignments identified in the 2009/10 Internal Audit Plan, we have provided advice and guidance in relation to the development of a Financial Procedures Manual and the development of financial systems to process the payroll function in-house.

### **Significant issues**

11. The GIAS requires that we bring to your attention those significant weaknesses which may be relevant to the preparation of your Statement of Internal Control for the year ended 31 March 2010. We do not consider that there are any significant issues which need to be brought to your attention as a result of our reviews.

### **Other sources of assurance**

12. In addition to our own work there are a range of other sources of assurance available to EONI. These include EONI's risk management system which includes EONI's risk register. This is reviewed regularly by the Management Team. In addition the EONI's external auditors identify within their "*Report to Those Charged with Governance*", those control weaknesses identified during the course of the external audit of the election account.

### **Opinion – satisfactory**

13. In our opinion during the twelve month period ended 31 March 2010, EONI's internal control systems were adequate and operated effectively thereby providing **satisfactory** assurance regarding the effective and efficient achievement of EONI's objectives.

14. We have attached a definition of the assurance ratings used at *Appendix A*.

### **Performance and quality of the internal audit service**

15. We confirm that we have conducted our internal audit work in accordance with the Government Internal Audit Standards ("GIAS").

16. In accordance with the GIAS Standard 1300 on Quality, each internal audit file is reviewed by a Manager and each internal audit report is reviewed by the Head of Internal Audit. This process is supported by the Horwath internal quality procedures, which have been designed and enforced internationally across the Horwath network.

17. In addition, as required by GIAS our service will be subject to an External Quality Assurance ("EQA") review during 2010/11 by the Department of Justice Internal Audit Branch.

18. Our nominated Head of Internal is a qualified Chartered Accountant ("ACA") and Internal Auditor ("MIIA") and is a Member of the Institute of Chartered Accountants in Ireland and the Institute of Internal Auditors (UK and Ireland). Our internal audit team are either qualified/part qualified Chartered Accountants and/or Internal Auditors. There were no issues arising during the year in relation to either the adequacy of the audit resources or the status of the audit function. To comply with the obligations of GIAS Standard 1200 "*Proficiency and Due Professional Care*" all staff members have undertaken an ongoing programme of training to ensure staff are equipped with the knowledge and skills to perform their respective responsibilities.

### **Other matters**

19. We would take this opportunity to thank you and your staff for their assistance and co-operation in completing our work.

20. If you have any queries in relation to this correspondence, please do not hesitate to contact Brian Clerkin or Lacey Beckett.

Yours faithfully



ASM Horwath

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## **Assurance rating definitions**

**A**

**Substantial** – There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.

**Satisfactory** – There is some risk that objectives may not be fully achieved. Some improvements are required to enhance the adequacy and / or effectiveness of risk management, control and governance.

**Limited** – There is considerable risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.

**Unacceptable** – The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance.