

The Electoral Office for Northern Ireland

Internal Audit report 2007/08

Follow up review

10 January 2008

Ref: BC/lb

Private and Confidential

D Bain Esq
Chief Electoral Officer
The Electoral Office for Northern Ireland
2nd Floor
St Anne's House
15 Church Street
Belfast
BT1 1ER

10 January 2008

Dear Sir

Re: Follow up review of previous internal audit recommendations

Introduction

1. We completed our follow up review in September 2007 in respect of our audit recommendations arising from the 2006/07 fieldwork. This report summarises our findings.

Scope

2. The purpose of this report is to assist the Electoral Office for Northern Ireland ("EONI") to identify areas where control improvements can be made. In addition, this report will, together with our reports on payroll and travel expenses (election staff), information technology systems, area electoral offices, human resource management and training, fixed assets and bank and cash, inform our assessment of the overall assurance rating for 2007/08 which will be reported in our annual assurance report for the year ending 31 March 2008.

3. This report is addressed to the Chief Electoral Officer ("CEO") and as required by our terms of appointment, copies of all finalised reports are also issued to the NIO's Head of Internal Audit, the Northern Ireland Audit Office and the Rights and International Relations Division ("RIR") – the relevant sponsoring division within the NIO. No duty of care is accepted to any party other than those to whom the report is addressed. No responsibility is accepted for any reliance placed upon our report, should it be used for any purpose other than that stated above.

Basis of assurance

4. We conducted our internal audit work in accordance with the Government Internal Audit Manual (“GIAM”). Our work included an examination, on a test basis, of transactions processed in accordance with EONI’s system of internal control.

5. 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

6. We have attached a table which summarises the findings of our review at *Appendix A*.

7. We have attached the key findings identified in the course of our work at *Appendices B to G* as follows:

Recommendations made by ASM Horwath in 2006/07	Appendix
Payroll and travel expenses (non election staff)	B
Income	C
Purchasing	D
Risk management and corporate governance	E
Information technology systems	F
Area electoral offices	G

8. The findings included in this report were discussed with Mr Douglas Bain (Chief Electoral Officer), Mrs Margaret McMullen (Head of Corporate Services) and Mr Peter Mullan (Finance Officer) on 12 October 2007.

Other matters

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

10. 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

e-mail: brian.clerkin@asmhorwath.com
lacey.beckett@asmhorwath.com

Summary of findings

A

System	Number of recommendations made	Number of recommendations fully implemented	Number of recommendations partially implemented	Number of recommendations not implemented	Number of recommendations not accepted	Number of recommendations no longer applicable	Number of recommendations which cannot be tested as the implementation date has not passed or until the next canvass/election
Payroll and travel expenses (non election staff)	3	-	1	-	-	-	2
Income	4	4	-	-	-	-	-
Purchasing and procurement	2	2	-	-	-	-	-
Risk management and corporate governance	5	4	-	-	-	-	1
Information technology systems	4	2	-	1	-	-	1
Area electoral offices	5	2	-	-	1	1	1
Total	23	14	1	1	1	1	5

Payroll and travel expenses (non election staff)

B

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A5.	We recommended that EONI management undertake periodic reviews of the access levels on all systems to ensure that access levels remain appropriate. We also recommend that responsibility is assigned to one individual to ensure that all leavers are promptly removed as system users.	Accepted	<p>Partially implemented</p> <p>We were informed by the Head of Information Systems with the exception of the SUN Financial system that access levels are reviewed in respect of all EONI IT systems on a monthly basis. However, we note that evidence of the review is not retained for audit trail purposes.</p>
B10.	While we recognise that a number of checks in relation to the canvasser payroll are undertaken by Headquarters, we recommended that responsibility is assigned to undertake detailed checks on a sample of canvasser weekly worksheets against the information on the EROS system. We recommended that these checks are undertaken in advance of the canvasser payroll being processed.	Accepted	Cannot be considered until the next canvass
B11.	We also recommended that records of these checks are retained for the purposes of audit review.	Accepted	Cannot be considered until the next canvass

Income

C

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A4.	We recommended that the Chief Electoral Officer raises this issue with the NIO and specifically discusses the basis upon which each of the district councils are charge in relation to their registration costs.	Accepted	Fully implemented We note that following representations from the CEO this matter is now with NIO. We understand that further discussions are due to take place but it may not be possible to change the existing arrangements ahead of RPA implementation.
B6.	We recommended that policies and procedures for the management of income are formally documented, included in the financial procedures manual and distributed to all relevant members of staff.	Accepted	Fully implemented We confirmed through our review of the Financial Procedures manual that the procedures have been documented in respect of the management of income. A copy of the Financial Procedures Manual is accessible by staff on TRIM.
B7.	We also recommended that all staff are reminded of the requirement to fully complete all receipts issued for monies received by EONI.	Accepted	Fully implemented We confirmed that staff within the local area offices have been informed of the requirement to fully complete all receipts issued for monies received by EONI.
C4.	We recommended that a new wall safe is procured and is located in the Finance Office. We also recommended that access to this wall safe is restricted and that the combination to the safe is regularly changed.	Accepted	Fully implemented We noted that a wall combination safe has been installed in the Finance Office. We noted that access to the wall safe is restricted to staff within the EONI Finance section.

Purchasing

D

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A5.	We recommended that financial policies and procedures are documented in relation to the procurement and receipt of goods and services. We also recommended that these procedures are distributed to all relevant personnel and included in the financial procedures manual.	Accepted	Fully implemented We note that the EONI procurement policy was devised and incorporated within the Financial Procedures Manual and is accessible by staff via TRIM.
B4.	We recommended that a member of the senior management team reviews the monthly reports to monitor the performance of the organisation. If the report indicates that the organisation is not achieving the timeline set by the NIO, explanations for the delay should be established and prompt corrective action taken.	Accepted	Fully implemented We noted from our testing of the prompt payment reports issued by NIO during the period April 2007 to July 2007 that the CEO has reviewed the prompt payment reports on a timely basis and that the EONI has achieved the NIO timetable in respect of the payment of invoices.

Risk management and corporate governance

E

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A4.	<p>We recommended that EONI consider drafting a risk management strategy. At a minimum, this strategy should identify the following:</p> <ul style="list-style-type: none"> ◆ the roles and responsibilities of the Chief Electoral Officer, the Senior Management Team, EONI staff and internal audit in relation to risk management; ◆ the identification of any drivers for change; ◆ the processes involved in the identification of risk in EONI; ◆ the process of assessment of risks; ◆ the actions taken to mitigate or anticipate risk; and ◆ the monitoring and reporting process for risk management. 	Accepted	<p>Fully implemented</p> <p>We noted that the EONI risk management strategy was approved at the March 2007 EONI Senior Management Team meeting. The EONI risk management strategy is accessible by staff via the EONI website.</p>
B4.	<p>We recommended that a timetable for the production of the Corporate Plan is produced. We also recommend that this timetable clearly identifies the roles and responsibilities for the Plan and that realistic timeframes are set for the completion of each task.</p>	Accepted	<p>Fully implemented</p> <p>We noted that the CEO prepared a draft business planning document with a supporting timetable. We noted that the plan timetable was approved at September 2007 Senior Management Team meeting.</p>
B5.	<p>We recommended that the Management Board monitor the achievement of these key tasks on an ongoing basis.</p>	Accepted	<p>Unable to test as implementation date has not passed</p> <p>We were unable to test the operation of the monitoring processes in respect of the key tasks of the Corporate Plan as the first milestone is due for completion by 31 October 2007.</p>

Risk management and corporate governance

E

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
C4.	We recommended that the fraud awareness, gifts, hospitality and whistle blowing policies and procedures were finalised as soon as possible. We recommended that these procedures were distributed to all EONI personnel and that training is delivered in this regard, as required. We also recommend that all new employees are fully briefed on the contents of these policies and procedures as part of their induction training.	Accepted	Fully implemented We note that all policies have been finalised and presented to EONI staff and have been added to the new staff induction check list.
D4.	We recommended that EONI consider in conjunction with the Northern Ireland Office, the merits of appointing an Audit Committee.	Accepted	Fully implemented We were informed that the CEO contacted the NIO and has advised that the development of an audit committee was not deemed necessary.

Information technology systems

F

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A3.	We recommended that the business contingency plan for EONI be completed as soon as possible.	Accepted	Fully implemented We note from our review of the Senior Management Team minutes that the EONI business continuity plan has been finalised.
A4.	We recommended that the business contingency plan should be maintained and tested on an annual basis to ensure that it remains current.	Accepted	Unable to test as implementation date has not passed We are unable to test as the implementation date of this recommendation stated by Management is scheduled for December 2007.
B3.	We recommended that EONI ensure that all maintenance agreements are formally reviewed on a regular basis.	Accepted	Not implemented We note that the contracts held by EONI's with IT suppliers in respect of the UNIPIMS and SUN accounting systems were due to expire in March 2007. We understand that both contracts have been extended for a period of one year to enable a review of the possibility that the EONI could transfer to using the NIO IT systems. Consequently, a formal review of the maintenance agreements with the suppliers has not been completed.
C4.	We recommended that EONI ensure that all recommendations identified in this report are fully implemented as soon as possible.	Accepted	Fully implemented On review of noted that all recommendations have been implemented.

Area electoral offices

G

ASM report reference	Recommendations at January 2007	Client comments at January 2007	ASM Horwath findings as at September 2007
A5.	We recommended that EONI management consider prioritising tasks using a high/medium/low or “traffic light” system.	Partially accepted	Cannot be tested until the next election
B6.	We recommended that the weekly work record sheets be amended to accommodate the signature and date of the interviewer.	Accepted	Fully implemented We note that the weekly work record has been amended to accommodate the signature and date of the interview.
B7.	We also recommended that the instructions to electoral assistants be amended to remind all local area staff of their responsibilities in relation to the signing and dating of the weekly work record sheets.	Accepted	Fully implemented Our testing noted that these instructions have been included within the Electoral Assistants manual.
C5.	While we note that the policies governing absent voters are regulated by legislation, we recommended that EONI management consider introducing the following: a) performing a check of authenticity in respect of the declaration in support, on a sample basis, say ten per cent; and b) stating that all signatures must be accompanied by a formal organisational “stamp”.	Accepted	No longer applicable We note from our discussions with the CEO and EONI staff that the completion of these recommendations are subject to changes in the legislation which is beyond EONI’s remit.
D5.	We recommended that a form be developed in respect of retaining information on properties to be removed from the EROS system and the Electoral Register. We note that all completed forms should be retained for audit trail purposes.	Not accepted	Not accepted