

The Electoral Office for Northern Ireland

Internal Audit report 2007/08

Payroll and Travel Expenses (Election Staff)

10 January 2008

Ref: BC/lb

Private and Confidential

D Bain Esq
Chief Electoral Officer
Electoral Office for Northern Ireland
St Anne's House
15 Church Street
Belfast

10 January 2008

Dear Sir

Re: Fieldwork visit – Payroll and Travel Expenses (Election Staff)

Introduction

1. We recently completed our internal audit fieldwork visit in respect of the 2007/08 financial year in relation to the Electoral Office for Northern Ireland's ("EONI's") system for payroll and travel expenses (election staff). This report summarises our findings.
2. We previously undertook a review of the EONI's payroll and travel expenses (election staff) systems in as part of our 2005/06 internal audit fieldwork and determined that a "limited" assurance rating was appropriate.

Background

3. The EONI recruit approximately 5,000 staff, on a temporary basis, to work in polling stations and count centres for Council, Assembly, Westminster and European elections. Election staff are paid in accordance with a schedule of fees established by legislation. Information in relation to electoral staff's personal details is input to EROS by staff within the area electoral offices. The EONI's Finance staff collate the information from each electoral office. This information is then sent to ICS, who perform the payroll calculations and process the payroll.
4. We note the payroll expenditure to date in respect of the March 2007 Assembly election amounted to £1,162,623.

Scope

5. In line with EONI's annual internal audit plan, approved by the Senior Management Team on 16 August 2007, the fieldwork visit focussed on assessing the following control objectives in respect of the system of payroll and travel expenses (election staff):
 - a) to ensure that salaries, wages and related costs are incurred only in respect of staff currently employed in authorised posts;
 - b) following authorisation the appropriate changes are entered for starters and leavers to the data on the computer payroll system;
 - c) to ensure that salaries and wages are correctly calculated and properly authorised;
 - d) to ensure that salaries and wages are correctly coded in the accounts;

- e) to ensure that salaries and wages, including all overtime, acting up allowances and sick leave, are properly and accurately recorded and details held securely; and
- f) to ensure that salaries and wages are paid only to those staff who are entitled to receive them and in accordance with contracts of employment.

6. 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

7. 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.

8. This review has been conducted within the context of an internal audit review process designed to address key risks on an annual basis. Only 2.5 days was allocated to this review and consequently there was a requirement to conduct a general assessment of the key aspects of the systems and then to focus on a limited number of specific areas. In these circumstances, this review should not be regarded as being an extensive and detailed review sufficient to test and assess all aspects of EONI’s payroll and travel expenses (election staff) activities.

9. 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 Executive Officer.

Findings

10. Our review identified that EONI’s financial procedures in respect of payroll have been formally documented in a financial procedures manual. However, we noted concerns in respect of the completion of attendance sheets and weekly timesheets by election staff and the evidencing by EONI Finance staff of hours recorded on EROS.

11. We have attached at *Appendix A* the key findings identified during the course of our review.

12. The findings of this 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. A draft of this report was issued to EONI for management comments on 29 November 2007

Management responses

13. We have attached an implementation table at *Appendix B* which records management’s responses and implementation dates for each of the audit recommendations.

Assurance rating – satisfactory

14. In our opinion, there are a number of improvements which could be incorporated within EONI's internal control system for payroll and travel expenses (election staff), particularly in relation to the completion of attendance sheets by election staff, the evidencing by EONI Finance staff of hours recorded on EROS and the completion of one composite weekly timesheet recording all duties completed. However, the existing controls in place within the payroll and travel expenses (election staff) system are basically sound and provide **satisfactory** assurance regarding the effective and efficient achievement of EONI's objectives in relation to payroll travel expenses (election staff).

15. We have attached a definition of the assurance ratings at **Appendix C**.

Other matters

16. We would take this opportunity to thank EONI's management and staff for their assistance and co-operation during the course of this assignment.

17. 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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Payroll payment processes

A

Weaknesses

A1. As part of our detailed testing we selected a sample of ten employee payroll payments made in respect of the March 2007 election. We noted the following exceptions:

- a) in one instance we noted a member of staff involved with the opening of the postal vote in the Ballymena area office had signed the attendance sheet to record the time that they commenced their duties but did not record the time finished. We noted that the member of staff was paid for eight hours based on finishing work at 3.30 pm which had been the time all other members of staff involved in the postal vote had ceased work on that day;
- b) in one instance six hours of time worked by a member of staff had not been correctly input on the EROS system resulting in an underpayment of £36.48; and
- c) the ten employee payroll payments selected for review submitted a total of forty timesheets. We noted that eighteen of the forty timesheets had not been signed by EONI Finance staff to verify that the hours worked had been entered onto EROS.

A2. We also reviewed the payroll files containing the weekly timesheets. The weekly timesheets record the start and finish time and the duties completed each day. We noted that staff submit separate weekly timesheets for each type of duty undertaken rather than one weekly timesheet that records all duties completed. Our review noted one instance of overlapping start and finish times recorded on two separate timesheets submitted by a member of staff for different duties resulting in an overpayment of forty-five minutes.

Effects

A3. In the absence of staff completing attendance sheets to record the start and finish times there is no evidence to confirm the total number of hours worked.

A4. In the absence of EONI Finance staff evidencing that hours have been entered onto EROS EONI Management have no assurance that all hours worked have been entered and the payment made.

A5. We consider the current procedure of submitting separate weekly timesheets of hours worked in respect of each duty increases the risk that potential errors are not easily identified by EONI Finance and could result in overpayments.

Recommendations

A6. We recommend that the staff in the local area offices ensure that election staff complete attendance sheets recording start and finish times.

A7. We recommend that EONI Finance staff are reminded to sign weekly timesheets as evidence that hours worked have been entered onto EROS.

A8. We recommend that each member of staff submits one weekly timesheet recording all duties completed. Furthermore, staff in the local area offices should be reminded of their responsibility to ensure that the correct start and finish times are recorded on the weekly timesheets.

Summary of recommendations and implementation schedule

B

Reference	Recommendation	Management response	Action Taken / To be Taken	Implementation Date
A6.	We recommend that the staff in the local area offices ensure that election staff complete attendance sheets recording start and finish times.	Accepted	Election timesheet has been amended to emphasise this important point. Document in Finance Procedures Manual.	Manual amended by 1 March 2008. Recommendation implemented at all elections thereafter.
A7.	We recommend that EONI Finance staff are reminded to sign weekly timesheets as evidence that hours worked have been entered onto EROS.	Accepted	This recommendation has been fully implemented and documented in the Finance Procedures Manual .	Fully implemented.
A8.	We recommend that each member of staff submits one weekly timesheet recording all duties completed. Furthermore, staff in the local area offices should be reminded of their responsibility to ensure that the correct start and finish times are recorded on the weekly timesheets.	Accepted	Election timesheet amended so that all duties completed can be recorded on one weekly timesheet for each member of staff and submitted to Headquarters for payment. Document in the Finance Procedures Manual which can be viewed by all staff on TRIM.	Manual amended by 1 March 2008. Recommendation implemented at all elections thereafter.

Assurance rating definitions

C

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.