

Electoral Office for Northern Ireland

Audit fieldwork 2010/11 year

Follow up review

27 January 2012



Ref: BC/PP/AM

Private and Confidential

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Chief Electoral Officer
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27 January 2012

Dear Sir

Re: Follow up review

Introduction

1. We have completed our follow-up review in respect of the recommendations made in our 2010/11 internal audit reviews. 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 2011/12 reports, inform our assessment of the overall assurance rating for 2011/12.

3. This report is addressed to the Chief Electoral Officer and is not to be released beyond EONI management and staff, without our prior written consent. 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 Standards ("GIAS"). Our work included an examination, on a test basis, of transactions processed in accordance with EONI's system of risk management, control and governance.

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, as Accounting Officer.

Findings

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

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

System	Appendix
Area Electoral Offices	B
Payroll and travel expenses (election staff)	C
Elections	D
Payroll, pensions and travel expenses (non-election staff)	E
Fixed Assets	F

Other matters

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

9. If you have any queries in relation to this correspondence, please do not hesitate to contact Brian Clerkin or Amanda McMaw.

Yours faithfully

ASM

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Summary of findings

A

System	Appendix Reference	Number of recommendations made	Number of recommendations fully implemented	Number of recommendations partially implemented	Number of recommendations not implemented	Number of recommendations unable to test
Area Electoral Offices	B	4	3	1	-	-
Payroll and travel expenses (election staff)	C	6	5	-	-	1
Elections	D	3	2	-	1	-
Payroll, pensions and travel expenses (non-election staff)	E	7	6	1	-	-
Fixed Assets	F	2	1	-	1	-
Total		<u>22</u>	<u>17</u>	<u>2</u>	<u>2</u>	<u>1</u>

Area Electoral Offices

B

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A6	We recommended that EONI progress the use of electronic signatures by Assistant Area Electoral Officers. Furthermore, we recommended that staff are advised that they are not permitted to use another staff member's electronic signature.	<p><i>Use of electronic signatures on staff timesheets to be assigned to Assistant Area Electoral Officers and procedures reviewed in the Finance Procedures Manual.</i></p> <p><i>Reminder issued 14 December 2010 by Head of Corporate Services to Area Electoral Officers and Assistant Area Electoral Officers that they are not permitted to use another staff member's electronic signature on timesheets.</i></p>	<p>Fully implemented</p> <p>Our review identified that the use of electronic signatures was expanded in December 2010 to include their use by Assistant Area Electoral Officers. We also identified that a reminder had been sent to all relevant staff about the prohibition on using another member is staff's electronic signature.</p>
A7	We recommended that Finance staff evidence the review of the casual timesheet by signature and date.	<p><i>Procedures reviewed and documented in the Financial Procedures Manual.</i></p> <p><i>Reminder issued to Finance Staff 21 December 2010.</i></p>	<p>Fully implemented</p> <p>During our review we selected a sample of casual timesheets for detailed testing. Our testing identified that in all instances the review of the timesheet by Finance staff had been evidenced by signature and date.</p>
B8	We recommended that the Office raise the particular issue of countersigning 'DWP verified' applications with the AEO concerned and monitor ongoing compliance with this issue. The Office may also wish to consider whether a broader session of refresher training on the Registration Evidence Requirements and the Management Checklist is required, including the need to date stamp application forms and process all forms within 5 days of receipt.	<p><i>Reminder issued by Head of Corporate Services to Area Electoral Officer on 14 December 2010 and ongoing compliance of Direction 4/2009 will be monitored for two months. Evidence to be documented in Trim.</i></p> <p><i>Reminder re processes in Direction 4/2009 to be issued at January AEO meeting.</i></p>	<p>Fully implemented</p> <p>Our review identified that management raised the issue identified with the AEO concerned. We note, however, that management did not consider that refresher training in respect of registration processes was necessary.</p> <p>During our review we selected a sample of thirty applications to the electoral register during the period April 2011 to August 2011. Our review identified only one instance where a 'DWP verified' application had not been signed as approved by the Area Electoral Officer.</p>

Area Electoral Offices (cont'd)

B

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
C7	<p>In light of the issues identified from our testing and the lack of compliance with EONI's operational procedures we recommended that training be provided to staff in respect of the cash management processes and the requirements of Direction 05/2009.</p>	<p><i>Reminder issued by Head of Corporate Services to all staff on 21 December 2010.</i></p> <p><i>Finance Officer to provide training to all staff on cash management processes and the requirements of Direction 05/2009.</i></p>	<p>Partially implemented</p> <p>Our review identified ongoing instances of non-compliance with EONI's cash management processes and the requirements of Direction 05/2009.</p> <p>We note that, as a result of inconsistencies between EONI's Financial Procedures Manual, the guidance issued to staff in advance of the May 2011 elections and the requirements of Direction 05/2009 in respect of the issue of receipts for 'free' documents, we identified several instances of non-compliance with the Direction.</p> <p>We also identified instances of non-compliance with EONI's cash management procedures. In particular, we noted that in eight out of eleven instances reviewed, lodgement documentation had not been date stamped on receipt by Finance and that in a further two instances, documentation had not been passed to Finance within one working day. We also noted that in one instance an amount of £25 was received by an Area Office however, the delay between receipt and lodgement was 22 calendar days.</p> <p>Our review identified that training was only provided to staff in September 2011 and that since our review, management have reviewed and amended EONI's cash management procedures.</p>

Payroll and travel expenses (election staff)

C

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A6	We recommended that Management undertake detailed considerations of the options in relation to the storage of election payroll documentation.	<i>Election payroll documentation to be locked in security cabinets with authorised access only to the combination to the key safe. Finance Offices to be locked when unoccupied. Documented in the Financial Procedures Manual.</i>	Fully implemented We understand that EONI's Management Board undertook detailed considerations in this regard. Our discussions with management identified that election payroll documentation will be retained for a period of six months following each election. Thereafter, the documents will be scanned and retained electronically on EONI's document management system and all hard copy documents will be securely destroyed.
A7	In the event that Management implement a system of electronic storage, as outlined above, we recommended that management ensure that there are appropriate access controls in place to prevent access by unauthorised personnel.	<i>Revised procedures to be drafted and access controls reviewed. To be documented in the Financial Procedures Manual.</i>	Unable to test We understand that while management have decided to implement a system of electronic storage, we note that this system is not yet in place.
B4	We recommended that in advance of the next election, Area Offices be reminded of the importance of ensuring that the correct appointment procedures are instigated. In particular, staff should be reminded to issue acceptance of appointment forms to all individuals appointed as poll and count staff, and caretakers.	<i>Reminder issued by Head of Corporate Services to Area Offices 14 December 2010. Documented in the Financial Procedures.</i>	Fully implemented During our review we selected a sample of staff employed at the May 2011 elections. Our testing identified that in all instances the correct appointment procedures had been undertaken. We also identified that appointment forms were held on file in all instances.

Payroll and travel expenses (election staff) (cont'd)

C

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
C13	We recommended that responsibility be assigned for the retention and monitoring of insurance declarations and motor vehicle insurance certificates for all mileage claimants and that mileage should not be paid in the absence of an up to date and valid insurance certificate covering business use.	<i>Procedures reviewed and issued by Finance Officer to all Area Electoral Officers 7 December 2010. Documented in Financial procedures Manual.</i>	Fully implemented Our review identified that responsibility for the retention and monitoring of insurance declarations and motor vehicle insurance certificates has been allocated to an Assistant Finance Officer. During our review we selected a sample of mileage payments made to casual staff. Our review identified that an up to date insurance certificate covering business use was on file in each instance.
C14	We recommended Finance staff retain the analysis of hours spreadsheet on file. Furthermore, we recommend that Finance evidence reviews by way of signature and date.	<i>Procedures reviewed and issued by Head of Corporate Services to Finance Staff 22 December 2010. Documented in the Financial Procedures Manual.</i>	Fully implemented During our review we selected a sample of six casual staff payruns. Our testing identified that in all instances the analysis of hours spreadsheet had been retained on file. We also identified that in each instance the reviews undertaken by Finance staff had been evidenced by way of signature and date.
C15	We recommended that area electoral office staff enter casual employee details correctly on EROS.	<i>Reminder issued by Head of Corporate Services to Area Electoral Officers, Assistant Area Electoral Officers and Finance Staff 22 December 2010.</i>	Fully implemented During our review we selected a sample of five casual staff employed within Area Electoral Offices in the run up to the May 2011 elections. Our review identified that in each instance, the employee details had been correctly recorded of EROS.

Elections

D

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A4	We recommended that EONI analyse the UK Parliamentary Election May 2010 expenditure incurred to date on a constituency basis. In the event that the constituency thresholds are breached we recommended that EONI liaise with the NIO in this regard.	<i>Expenditure to date to be analysed on a constituency basis and NIO will be informed should any of the constituency thresholds exceed the prescribed level.</i>	Fully implemented Our review identified that expenditure incurred in respect of the 2010 UK Parliamentary election was analysed on a constituency basis by EONI in September 2011. We note that there were no instances where constituency thresholds had been breached.
A5	We recommended that in the event that the regulations governing future elections provide a constituency-by-constituency expenditure limit that EONI prepare budgets on a constituency-by-constituency basis. We also recommend that expenditure incurred is coded to the relevant constituency. Furthermore, monthly expenditure reports should be prepared to report actual outturn against budget per constituency and should be subject to review by the CEO.	<i>Financial Procedures Manual to be reviewed to include revised procedures for preparation of budgets on a constituency basis, coding of expenditure and monthly expenditure reports. Responsibility - Head of Corporate Services Implementation by 31 January 2011 and all future elections thereafter.</i>	Not implemented We note that the Northern Ireland Assembly Elections (Returning Officer's Charges) Order 2011 provides a constituency-by-constituency expenditure limit in respect of the 2011 Northern Ireland Assembly Election. However, our review identified that EONI did not prepare constituency-by-constituency budgets and that election expenditure was not coded to individual constituencies (and therefore has not yet been analysed on a constituency-by-constituency basis).
B4	We recommended that Management endeavour to ensure that email confirmation of drawdown requests are received from FSD in all instances. Furthermore, we recommended that staff be reminded of the importance of retaining all documentation in relation to the drawdown process.	<i>Procedures reviewed and issued to Finance Staff 23 December 2010. Documented in Financial Procedures Manual.</i>	Fully implemented During our review we selected a sample of six drawdowns for detailed testing. Our testing identified that in all instances the available documentation in respect of the drawdown process had been retained on file.

Payroll, pensions and travel expenses (non-election staff)

E

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A12	We recommended that comprehensive checks be undertaken on a sample of monthly payroll payments, including overtime payments. Furthermore, we recommended that these checks be documented and evidenced.	<i>Procedures reviewed and issued by Head of Corporate Services to Finance Staff on 21 December 2010.</i>	Partially implemented Our review identified that comprehensive checks are undertaken on a sample of monthly payroll payments by EONI's Finance Officer, HR Officer and Head of Corporate Services. During our review we identified that in two months during the period May 2011 to August 2011, the checks undertaken by EONI's HR Officer on overtime payments had not been adequately evidenced.
A13	We recommended that EONI's financial procedures be updated to reflect current practices. Furthermore, we recommended that management undertake to comprehensively document the checks to be undertaken by the Finance Officer and HR Officer on receipt of their respective monthly reports.	<i>Finance Procedures Manual updated to reflect current procedures. Head of Corporate Services to undertake comprehensive checks on a monthly basis and document evidence.</i>	Fully implemented Our review identified that EONI's Financial Procedures Manual has been updated to reflect current practices in respect of the monthly payroll process. We also noted that those checks to be undertaken by the Finance Officer and HR Officer on receipt of their respective monthly reports have been documented within the Financial Procedures Manual.
A14	We recommended that senior management undertake random monthly spot checks on a sample of permanent staff payroll payments.	<i>Senior Management to undertake random monthly spot checks of permanent staff payroll payments and document evidence.</i>	Fully implemented Our review identified that EONI's Head of Corporate Services undertakes random monthly checks on a sample of permanent staff payroll payments.

Payroll, pensions and travel expenses (non-election staff) (cont'd)

E

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A15	We recommended that EONI's HR Officer endeavour to correspond with HR Connect to obtain a more manageable monthly report from HR Connect.	<i>Meeting held with Shared Services Centre. Further report to be formally agreed.</i>	Fully implemented Our discussions with management identified that following discussions with HR Connect, EONI are now in receipt of a monthly report from HR Connect which provides greater clarity in respect of monthly payroll payments made to staff.
B5	We recommended that responsibility be assigned for the retention and monitoring of insurance declarations and motor vehicle insurance certificates for all mileage claimants and that mileage should not be paid in the absence of an up to date and valid insurance certificate covering business use.	<i>Procedures reviewed and documented in the Financial Procedures Manual.</i>	Fully implemented Our review identified that responsibility for the retention and monitoring of insurance declarations and motor vehicle insurance certificates has been allocated to an Assistant Finance Officer. During our review we selected a sample of five travel and subsistence payments made to staff during the period April 2011 to August 2011. Our testing identified that an up to date and valid insurance certificate covering business use was held on file in each instance.
B6	We recommended that staff be reminded of the procedures for travel and subsistence claims and that the Finance section ensure that these procedures are implemented.	<i>Revised Procedures issued by Finance Officer to all staff 7 December 2010 and Assistant Finance Officers to ensure these processes are implemented.</i>	Fully implemented We note that a reminder was issued to staff in December 2010 which outlined EONI's procedures in respect of the submission of travel and subsistence claims. Our testing did not identify any instances of non-compliance with EONI's procedures in this regard.

Payroll, pensions and travel expenses (non-election staff) (cont'd)

E

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
C3	We recommended that staff be reminded of the importance of storing personnel files securely. Furthermore, we recommended that the HR Assistant's office be locked when it is unoccupied.	<p><i>All personnel files to be locked in security cabinets with authorised HR staff access to the combination to the key safe. HR offices to be locked when unoccupied.</i></p> <p><i>Reminder issued to HR staff 21 December 2010.</i></p>	<p>Fully implemented</p> <p>Our review identified that personnel files are stored in a locked cabinet in the HR Assistant's office. During our review we noted one instance where the HR Assistant's office was unoccupied. We noted that the office had been locked in this instance.</p>

Fixed Assets

F

ASM report reference	Recommendations at December 2010	Client comments at December 2010	ASM findings as at October 2011
A7	<p>We recommended that a register be developed in respect of EONI's non-IT assets, to include those assets which have not been capitalised. For this purpose, we recommended that all non-IT fixed assets be tagged with a unique number.</p> <p>Furthermore, we recommended that all non-IT assets be subject to physical verification on a regular (at least twice yearly) basis.</p>	<p><i>Policies and procedures in relation to the management of non-IT assets to be drafted and included in the Financial Procedures Manual.</i></p> <p><i>Non-IT assets to include those assets which have not been capitalised to be tagged with durable tags securing unique identification number to each item and recorded with the location on a master register.</i></p>	<p>Not implemented</p> <p>We were advised by management that whilst preparations in respect of the development of a register of non-IT assets have been undertaken, a register has not yet been developed. We understand that management envisage this exercise to be complete by the end of 2011.</p>
B4	<p>We recommended that Management ensure that all Area Electoral Offices have devised an equipment log in accordance with the "Control of Electronic Assets" procedures.</p>	<p><i>Reminder issued to all Area Electoral Offices 22 December 2010.</i></p>	<p>Fully implemented</p> <p>During our review we visited three Area Electoral Offices. Our review identified that equipment logs are maintained in each of these Offices.</p>