

Electoral Office for Northern Ireland

Internal Audit report 2009/10

Area Electoral Offices

22 October 2009

Ref: BC/LB

Private and Confidential

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

22 October 2009

Dear Sir

Re: Fieldwork visit – Area Electoral Offices

Introduction

1. We recently completed our internal audit fieldwork visit in respect of the 2009/10 financial year in relation to the Electoral Office for Northern Ireland's ("EONI" or "the Office") system for Area Electoral Offices. This report summarises our findings.
2. We have previously undertaken three reviews of specific Area Electoral Offices and in each instance, determined that a "satisfactory" level of assurance was appropriate. Our review in 2008/09 included recommendations in relation to the application of Directive 08/2008 in the Area Electoral Offices.

Background

3. There are 8 Area Electoral Offices situated at seven locations throughout Northern Ireland (two area offices share accommodation at Banbridge). The Area Electoral Offices in Newtownards and Belfast were the focus of the 2009/10 review. The staffing in both of offices comprise an Area Electoral Officer ("AEO"), an Assistant Area Electoral Officer ("AAEO") and three Registration Officers ("RO").
4. The key responsibilities of each Area Electoral Office may be summarised as follows:
 - a) *database management*: maintaining a property database which accurately reflects any deletions or new registrations of properties;
 - b) *electoral abuse prevention*: implementing policies and procedures relating to electoral abuse prevention, including the introduction of personal identifiers;
 - c) *polling station schemes*: preparing and maintaining polling station schemes which effectively meet the needs of the public, political parties and EONI. We note that a review of polling stations is currently being undertaken;
 - d) *absentee voting*: producing and maintaining accurate lists of absentee voters;
 - e) *information technology systems*: ensuring that all procedures in connection with the Office's IT systems are fully implemented;

- f) *corporate services management:*
- ◆ ensuring that all staff employed by the Area Electoral Office are recruited fairly, trained effectively in all procedures and managed effectively to achieve office objectives;
 - ◆ managing the work of the area electoral office within the budgets agreed with the Chief Executive Officer, and following the financial procedures set by the finance department;
 - ◆ ensuring that all aspects of the management of the Area Electoral Office premises are conducted efficiently and on time; and
- g) *elections:*
- ◆ ensuring that all administrative matters relating to elections are completed in accordance with the election task timetable. This includes recruitment and training of election staff, hiring premises for polling stations and count centres, organising stationery, ballot boxes and transport; and
 - ◆ conducting elections efficiently in accordance with legislation and preparing all relevant accounts.

Scope

5. In line with EONI's 2009/10 internal audit plan, approved by the Chief Electoral Officer on 3 August 2009, the fieldwork visit focussed on assessing the following control objectives in respect of the Area Electoral Offices' systems:

- a) *Payroll*
- ◆ to ensure that the Area Electoral Offices have processed the election payroll (relating to June 2009) in accordance with EONI's policies and procedures, as issued by Head Office;
- b) *Flexi-leave*
- ◆ to ensure that flexi-leave is claimed in accordance with procedures;
 - ◆ to ensure that the flexi-leave system operated is fit for purpose;
- c) *Physical security*
- ◆ to ensure that there are appropriate physical security procedures in place to limit unauthorised physical access;
- d) *Cash management*
- ◆ to ensure that the Area Electoral Offices undertake cash handling in accordance with policies and procedures issued by Head Office;
 - ◆ to ensure that there are adequate facilities available for the secure storage of cash;
 - ◆ to ensure that receipts are lodged in a complete and timely manner; and
- e) *Fixed assets management*
- ◆ to ensure that fixed assets are tagged and are subject to physical inspection; and
 - ◆ to ensure that fixed assets are securely held.

6. This report is addressed to the Chief Electoral Officer 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, Elections and Legacy Division (previously the Rights and International Relations Division) – 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 Standards ("GIAS"). Our work included an examination, on a test basis, of transactions processed in accordance with EONI's system of internal control.

8. We planned and performed our internal audit work to obtain reasonable assurance that the systems were operating as described. 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

9. Our review identified that a physical verification of fixed assets has recently been undertaken and that fixed asset procedures in respect of the control of electronic assets have been devised and issued to Area Electoral Offices. We also noted adequate processes in respect of the preparation and authorisation of payroll by the Area Electoral Offices. However, we noted the need to review the physical security measures of the Area Electoral Offices to ensure that they are secure and fit for purpose.

10. We have attached at *Appendix A to C* the key findings identified during the course of our review. These appendices are broadly analysed by category of weakness as follows:

| Weakness | Appendix | Priority |
|-------------------|-----------------|-----------------|
| Physical security | A | Low |
| Cash management | B | Low |
| Fixed assets | C | Low |

11. These findings were discussed with Mr Douglas Bain (Chief Electoral Officer) on 24 September 2009. A draft of this report was issued for client comments on 9 October 2009. Following subsequent discussions with management, an amended draft was issued for client comments on 20 October 2009. Client comments were received on 20 October 2009.

Management responses

12. We have attached an implementation table at *Appendix D* which records management's responses and proposed implementation dates for each of the audit recommendations.

Assurance rating – satisfactory

13. In our opinion, there are a number of improvements which could be incorporated within EONI's internal control system for the Area Electoral Offices, particularly in relation to the enhancement of the physical security of the Area Electoral Offices. However, the existing controls in place within the Area Electoral Offices are basically sound and provide **satisfactory** assurance regarding the effective and efficient achievement of EONI's objectives in relation to the Area Electoral Offices.

14. We have attached a definition of the assurance ratings and priority levels at *Appendix E* and *Appendix F* of this report respectively.

Other matters

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

16. 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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Physical security

A

Weakness

A1. During the course of our audit visits we reviewed the physical security of the Belfast and Newtownards Area Electoral Offices. Our inspection of the Newtownards Area Electoral Office indicated that the front door of the building is controlled by a security buzzer system. We were advised that following a recent customer review it was felt that the use of the buzzer system was unwelcoming to members of the public visiting the Area Electoral Office. We understand that the Area Electoral Office was advised only to use the security buzzer system when there was a limited number of staff in the office.

A2. We noted whilst the door between the reception area and the main working office was closed during the course of our review we understand that it is not standard practice for the door to be locked.

Effect

A3. Given that the security buzzer system to access the front door is not fully utilised failure to securely lock the door between the public reception area and the main office area there is an increasing risk of unauthorised access to the Area Electoral Office and the associated health and safety implications for staff members.

Recommendations

A4. We recommend that the door connecting the public reception area and the main office in the Newtownards Area Electoral Office is kept locked.

A5. We also recommend that EONI review the physical security measures of each of the Area Electoral Offices and ensure that they are fit for purpose.

Cash management

B

Weaknesses

B1. The Finance Section issued revised lodgement procedures to the Area Electoral Offices in November 2008. The procedures include details regarding the security of the safe, the timeframes for lodgements and the documentation to be retained and provided to Finance following the lodgement of monies to the bank. We note from our review of the procedures that the Area Electoral Offices are required to retain a copy of the full bank lodgement slip which should be attached to the receipted lodgement stub and passed to Finance. We selected a sample of ten lodgements undertaken during the course of the period April 2009 to August 2009 and noted in 5 instances when the lodgement slip (4 by Belfast and 1 by Newtownards) had not been copied and included within the lodgement documentation provided to Finance.

B2. Our review indicated that the Finance Section maintain a receipts spreadsheet for each Area Electoral Office which records the receipts received in sequential number order together with a description and value of the receipt. We understand that receipts are also issued in the event of the free of charge provision of the electoral register to MLAs. Our review of the record of the Belfast Area Electoral Office receipts indicated twelve missing receipts (receipts numbers 8307 to 8318). Our discussions with Finance indicated that the missing receipts were identified by Finance following submission of receipt number 8319 and the Belfast Area Electoral Office was contacted immediately to provide the receipts and associated lodgement documentation for each of the outstanding receipts. Our review of the outstanding receipts indicated that two of the outstanding receipts had been cancelled and ten of the receipts had been issued in relation to the free of charge provision of the electoral register to MLAs.

Effects

B3. In the absence of the retention of a copy of the full lodgement slip there is a limited audit trail as to the make up of the lodgement and as to which staff member(s) were involved in the preparation of the lodgement.

B4. In the absence of the provision of the receipts and lodgement documentation on a timely basis Finance are unaware of the details of the receipts issued and of lodgements made to the bank.

Recommendations

B5. We recommend that Area Electoral Offices are reminded of the requirement to copy the full lodgement slip for each lodgement undertaken in accordance with EONI's cash management procedures.

B6. We recommend that Area Electoral Offices are reminded of the requirement to provide Finance with the relevant lodgement documentation, including details of all receipts issued or cancelled, in accordance with EONI's cash management procedures.

Fixed assets

C

Weakness

C1. Our review indicated that each fixed asset is allocated a unique tag number by the EONI IT Section. We understand that fixed asset tags had previously been adhesive labels which were recently replaced by the EONI IT Section with durable tags as many of the adhesive labels had been damaged or had gone missing. As part of our detailed testing we selected a sample of ten fixed assets for physical inspection at each of the Area Electoral Offices visited. Our review noted in one instance the use of the old style adhesive label to tag the asset.

Effect

C2. The use of the old style adhesive labels increases the risk of damaged or missing asset tags which will hamper the efficient identification of assets during the physical inspection process.

Recommendation

C3. We recommend that Management ensure all fixed assets are tagged using the new durable labels.

Implementation table

D

| Reference | Recommendation | Management response | Action Taken / To be Taken | Implementation Date |
|-----------|---|--|--|---------------------|
| A4. | We recommend that the door connecting the public reception area and the main office in the Newtownards Area Electoral Office is kept locked. | Accepted. | Fully Implemented. The internal door of office has been locked and will remain locked. | Completed. |
| A5. | We recommend that EONI review the physical security measures of each of the Area Electoral Offices and ensure that they are fit for purpose. | Not Accepted. The PSNI carried out reviews in 2008 and there have been no material changes since then. | N/a | N/a |
| B5. | We recommend that Area Electoral Offices are reminded of the requirement to copy the full lodgement slip for each lodgement undertaken in accordance with EONI's cash management procedures. | Accepted. | Finance Officer issued reminder to Area Electoral Offices 15 October 2009. | Completed. |
| B6. | We recommend that Area Electoral Offices are reminded of the requirement to provide Finance with the relevant lodgement documentation, including details of all receipts issued or cancelled, in accordance with EONI's cash management procedures. | Accepted. | Finance Officer issued reminder to Area Electoral Offices 20 October 2009. | Completed. |
| C3. | We recommend that Management ensure all fixed assets are tagged using the new durable labels. | Accepted. | Fully implemented. | Completed. |

Assurance ratings

E

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.

Priority ratings

F

In prioritising recommendations for action, we have used the following definitions:

High priority

Significant weaknesses which could threaten the achievement of the organisation's objectives or the maintenance of an appropriately robust control environment. Remedial action by senior management is required.

Medium priority

Weaknesses which could threaten the achievement of objectives. Remedial attention by management is required.

Low priority

Some weaknesses which could have an impact on the achievement of objectives. Action is required to monitor the situation and improve control.