

FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES

REVIEW OF LOCAL ELECTION 2014 EXPENSES AUDIT

Issued to: Carol Ling, Electoral Services Manager

Cc: Mark Bowen, Director of Corporate Services (Final Report Only)
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REVIEW OF ELECTION EXPENSES AUDIT FOR 2016-7

INTRODUCTION

1. This report sets out the results of our systems based audit of Election Expenses Audit for 2016-7. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2016-17. Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 10/08/2015. The audit covers all expenditure in relation to the 2014 Local Elections.
4. The total cost of the 2014 Local Election was £443,123.02.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:
 - Payments are correctly authorised.
 - Evidence is retained to support all expenditure

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- Payments are made at the correct rates according to agreed rates.
8. However we would also like to bring to Managers attention the following issues:
- Registers of staff who attended the election have not been retained.
 - The reconciliation of expenditure made through the authority's accounts and the election bank account did not take place for nearly 3 years after the election.

It was also noted during the audit that for 8 items of expenditure although a purchase order had been raised, they were raised retrospectively.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified in this review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

11. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Staff payments are now made through the payroll contractor so cheques are not used (the Cheque book was reviewed by the Auditor). Payments are paid into staff's bank accounts, details of which are collected by the payroll contractor. From the sample selected amounts were at agreed rates.</p> <p>It was queried with the Election Services Manager about what checking is carried out to ensure only staff who work on the election are actually paid. A registration sheet is signed by all staff. The sheets have not been retained by Election Services.</p>	Staff who did not work on the election might be paid.	Registration sheets should be retained. [Priority 2]
2	<p>The Reconciliation of the Bank account and expenditure through the authority has been carried out in March 2017, for the 2014 European and Local Election account. At the 05/04/17 a final journal is to be undertaken to finally close the account.</p> <p>The reconciliation was initially delayed by the European account claim being lost by the Electoral Commission and finally settled on 15th December 2015. The account was not then reconciled for over a year.</p>	Not all expenditure might be accurately accounted for.	Reconciliations of election accounts and expenditure should be undertaken promptly. [Priority 3]

Priority 1

Required to address major weaknesses and should be implemented as soon as possible

Priority 2

Required to address issues which do not represent good practice

Priority 3

Identification of suggested areas for improvement

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APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Registration sheets should be retained.	2	Noted	Electoral Services Manager	13 th April 2017
2	Reconciliations of election accounts and expenditure should be undertaken promptly.	3	Due to a combination of the departure of experienced finance staff and performance issues with new staff, there were unavoidable delays in reconciling the accounts. All election accounts are now up to date and awaiting the final claim settlement figures, before the remaining accounts can be signed off and closed.	Head of Finance (Environment & Corporate)	Already completed

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Priority 1

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Priority 2

Required to address issues which do not represent good practice

Priority 3

Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.