Cumbria Shared Internal Audit Service

Audit Report for Carlisle City Council

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CITY COUNCIL

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Audit of Electoral Registration

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Audit Resources

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Audit Report Distribution

For Action:	Mark Lambert, Corporate Director of Governance & Regulatory Services Ian Dixon, Electoral Services Officer
For Information:	Jason Gooding, Chief Executive
Audit Committee	The Audit Committee, which is due to be held on 22nd December 2016, will receive the findings and recommendations from this audit.

Cumbria Shared Internal Audit Service

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Executive Summary

1. Background

1.1. This report summarises the findings from the audit of **Electoral Registration**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.

1.2. The Electoral Register lists the names and addresses of everyone who is registered to vote in public elections. The register is used for electoral purposes and ensures that only eligible people can vote. Carlisle City Council is required by legislation to maintain an electoral register and a revised register is published annually on 1st December.

2. Audit Approach

2.1. **Audit Objectives and Methodology**

2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. **Audit Scope and Limitations**

2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Mark Lambert, Director of Governance and the agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas :
- Compliance with relevant legislation in maintaining a complete and accurate electoral register.

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.   Assurance Opinion

3.1.   Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

3.2.   From the areas examined and tested as part of this audit review, we consider the current controls operating within Electoral Services provide **Reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.   Summary of Recommendations, Audit Findings and Report Distribution

4.1.   There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2.   There are **3** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	**Medium**	**Advisory**
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	1	-
3. Value - effectiveness and efficiency of operations and programmes (see section 5.3)	-	1	-
Total Number of Recommendations	-	3	-

4.3.   **Strengths:** The following areas of good practice were identified during the course of the audit:
- Electoral Services has undertaken benchmarking against other similar councils to confirm value for money.
- The steps to be taken to comply with statutory requirements are set out in the Electoral Services Annual Canvass Plan.

- Electoral Services have a public awareness strategy which the Electoral Commission consider to be a key part of registration activity.
- Electoral Services staff receive training from the Association of Electoral Administrators.
- Electoral Services have a full quota of canvassers that have attended a canvasser briefing session.
- Electoral Services assess standing and emerging statutory requirements for Electoral Registration.
- The Electoral registration database is regularly updated for changes in property status in the catchment area.

4.4. **Areas for development**: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *Medium priority issues:*
- Electoral Services do not formally report in writing their compliance with Electoral Commission performance standards.
- Electoral Services have not documented local operating procedures to supplement national guidance and the Xpress software manual.
- Although high level risks relating to Electoral Services are reviewed on a regular basis, detailed risks identified in the annual plan and the IER risk register are not regularly reviewed by management.

Comment from the Director of Governance

A helpful audit with pleasing results. All recommendations are agreed as stated within the body of the report.

Management Action Plan

5.   Matters Arising / Agreed Action Plan

5.1.   Management - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
5.1.1. **Electoral Commission Performance Standards** Although verbal assurance is provided, management do not seek assurance through formal written reporting that Electoral Commission performance standards are wholly complied with. For example, the following outcomes should be demonstrated for performance standard 2: • Overall electorate figures. • Number of attainers. • Total number of electors deleted. • Number of electors added to the register. • Number of household enquiry forms issued and responded to and applications made as a result. • Number of review of registration undertaken and total number of electors deleted as a result. • Number of applications and registration made through the exceptions. • Number of electors registered through attestation.	**Agreed management action:** A formal report will be sent to the Town Clerk and Chief Executive and the Corporate Director of Governance & Regulatory Services on a frequency agreed with them.
Recommendation 1: Management should seek assurance through regular formal reporting, that Electoral Services can demonstrate how <u>all</u> the outcomes have been met for performance standard 1 and 2, including the provision of key performance data.	
Risk exposure if not addressed: • Eligible people are not able to participate in the electoral process. • Electoral Services does not meet the required performance standards set by Electoral	**Responsible manager for implementing:** **Electoral Services Officer** **Date to be implemented:**

Commission and suffers reputation loss.	**31 January 2017**

5.2. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
5.2.1. **Written procedures** Electoral Services use online guidance from the Electoral Commission and the Xpress software manual as a point of reference for staff, but were not able to demonstrate that there were clear written supplementary departmental procedures for electoral registration staff to follow, demonstrating how statutory obligations are fulfilled. Electoral Services is a small team and the loss at short notice of a team member without written procedures to follow, would increase the risk of Electoral Services not meeting its statutory obligations.	**Agreed management action:** A supplementary procedural document to be created and reviewed on a regular basis.
Recommendation 2: Electoral Services staff should have clear written procedures in place which demonstrate how statutory obligations are fulfilled. The procedures should be regularly reviewed and signed off by management.	
Risk exposure if not addressed: ● Staff member leaves at short notice and duties are not clear leading to failure of Electoral Services to fulfil its statutory obligations.	**Responsible manager for implementing:** **Electoral Services Officer** **Date to be implemented:** **31 March 2017**

5.3. **Value** - effectiveness and efficiency of operations and programmes.

● **Medium priority**

Audit finding	Management response
5.3.1. **Risk register** Electoral Services produce an annual plan with an associated risk assessment and also a separate risk register for individual electoral registration.	**Agreed management action:** Agreed.

The individual electoral registration risk register provided during the audit was dated September 2013. Although high level service risks were recorded and regularly reviewed through project server, there was no documented evidence to demonstrate that the individual electoral registration risk register or the associated risk assessment were subject to regular review, ensuring that all risks and associated mitigating actions are appropriately reviewed by management. Electoral Commission guidance for Electoral Registration Officers requires the risk register to be kept under regular review. The Council's own risk management strategy requires services managers to consider the risks to achieving their objectives at least quarterly.	
Recommendation 3: Electoral Services should retain evidence to demonstrate that the risks to achieving their objectives are considered by management at least quarterly, in line with the Council's risk management strategy and Electoral Commission guidance.	
Risk exposure if not addressed: • Senior Management are unaware that service risks have escalated and Electoral Services fails to fulfil its statutory duties.	**Responsible manager for implementing:** **Electoral Services Officer** **Date to be implemented:** **31 January 2017**

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high and medium priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

		Definition:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control