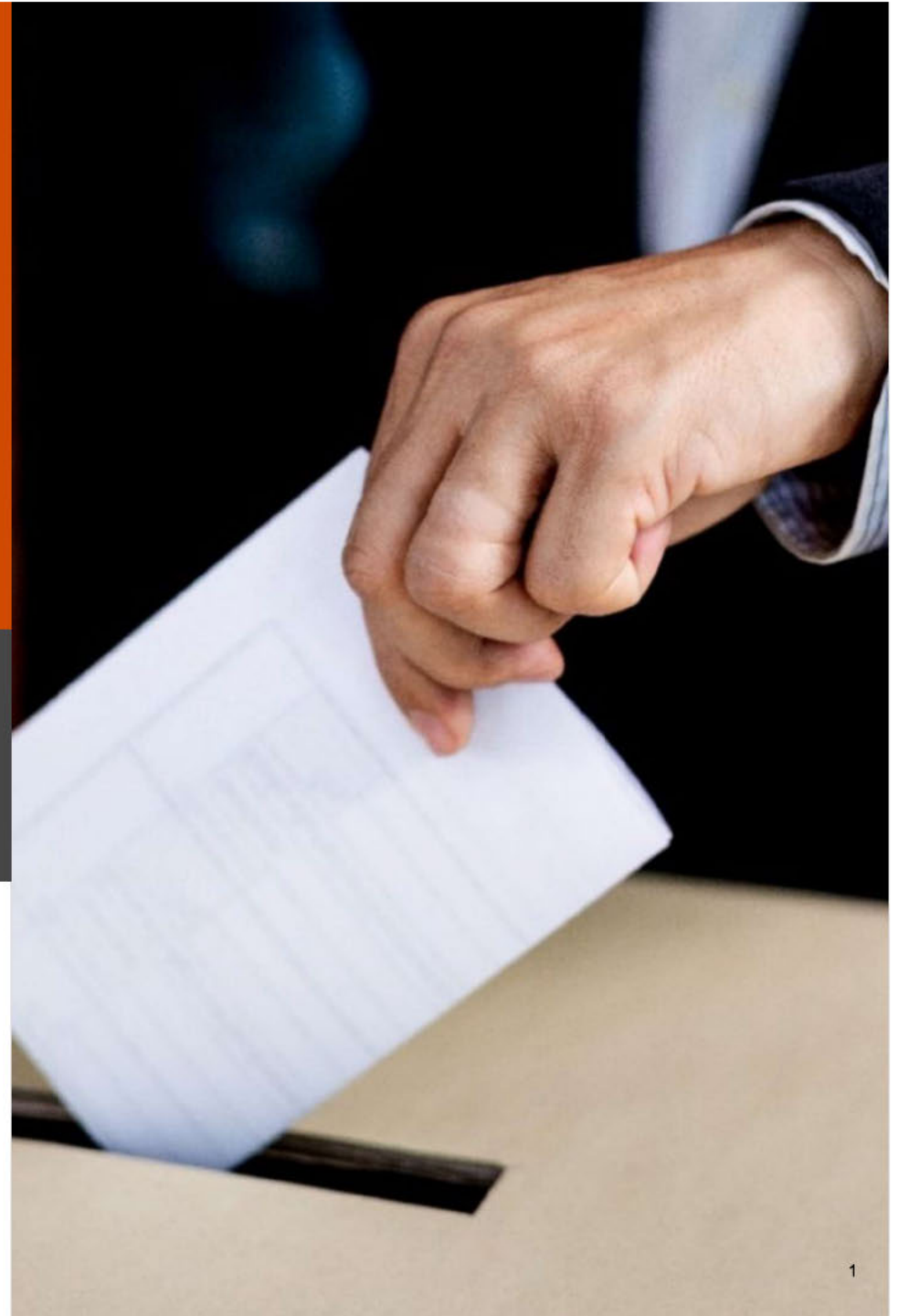


Electoral Commission

**Electoral Management System (EMS) Controls
Assessment**

March 2024





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Standards for this engagement

Our engagement does not constitute a review or audit in terms of standards issued by the External Reporting Board. Accordingly, this engagement was not intended to, and does not, result in either the expression of an audit or assurance opinion nor the fulfilling of any statutory audit or other requirements.

We performed our engagement in accordance with relevant ethical requirements of the Code of Ethics issued by the New Zealand Institute of Chartered Accountants, and appropriate quality control standards.

Karl Le Quesne
Electoral Commission
34/42 Manners Street,
Te Aro,
Wellington 6011

28 March 2024

Electoral Management System (EMS) Controls Assessment

Kia ora Karl

Thank you for the opportunity to perform this engagement for the Electoral Commission.

Our engagement was performed, and this report was developed, in accordance with our All of Government Consultancy Services Order (CSO) dated 12 June 2023, and is subject to the terms and conditions outlined in the CSO. Our work was limited to the specific procedures and analysis described in the CSO. Our work was performed in July and October 2023 with interim findings from stage one shared in August 2023.

The observations in this report are based off the evidence gathered throughout the engagement, and are limited by the accuracy of the information provided by the Electoral Commission.

I would like to thank the staff members that we have directly worked with for their time and contribution. Please feel free to contact us if you have any questions or require further information.

Ngā mihi,

[Redacted]
[Redacted]
Partner
PwC New Zealand (Wellington)
[Redacted]

[Redacted]
[Redacted]
Director
PwC New Zealand
[Redacted]

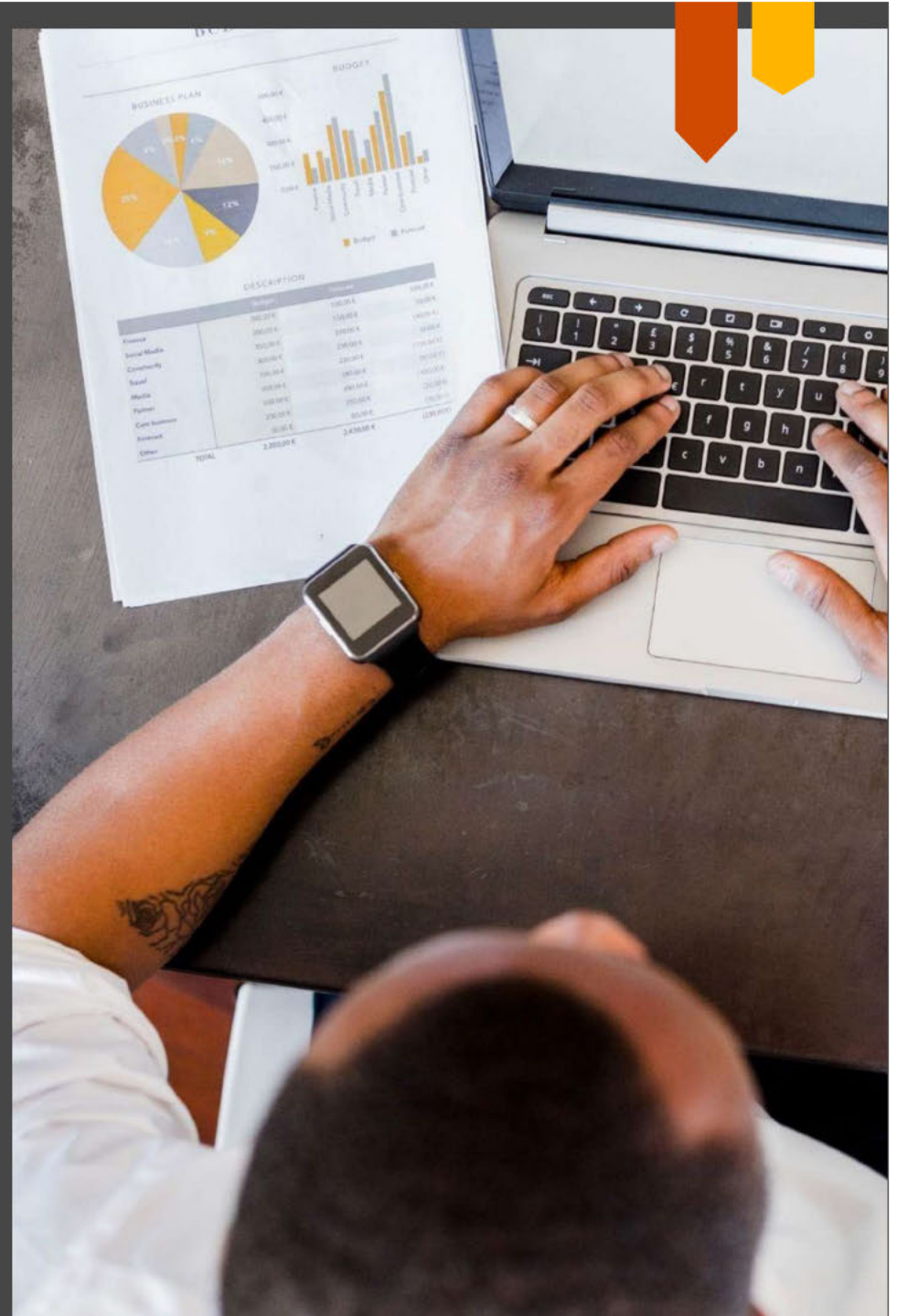
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1

Executive Summary



Executive summary

Background

The Electoral Commission (“the Commission”) largely operates paper-based process documents / business rules that the regional staff are expected to adhere to. These are largely contained in the Operations Manual distributed by Voting Services prior to each election.

We were asked to complete a two-stage internal audit of the finance components of the Electoral Management System (EMS) systems which the regional offices use for accounts payable, some human resource functions and budgeting.

The purpose of this report is to summarise the work completed by PwC and the Commission over the course of the engagement.

Objective and approach

The objective of this assessment was to provide the Electoral Commission with assurance over their current EMS financial processes, and to provide pragmatic recommendations to reduce the risk of incorrect and / or inaccurate financial records.

This engagement was executed in two stages:

- **Stage One** - We assessed the design of EMS controls against PwC’s global good practice guidelines. This included one-on-one interviews and workshops to clarify our understanding. A summary of our interim observations was shared with the Commission in August 2023.
- **Stage Two** - We examined a sample of transactions to identify how effectively key controls had operated in practice.

Scope

This engagement considered the control design for the following sub-processes:

- budgets
- creating a supplier
- entering an invoice for payment
- paying a supplier
- paying an expense claim
- travel bookings
- paying koha
- use of purchase orders
- petty cash
- paying invoices at National Office
- transfer of data from EMS to Business Central
- review of the Cashbook system
- month-end financial procedures.

For each in-scope process, we considered:

1. How the control(s) achieved the Electoral Commission’s policy; and
2. How they supported completeness, accuracy, validity, restricted access, and timeliness of these transactions.

Key messages

During Stage One of this engagement, we identified several areas for the Electoral Commission to strengthen processes and controls. In response, the Commission made numerous improvements to the control environment. These improvements were evident in Stage Two of our engagement, with only three medium and one low risk area for the Commission to consider in advance of future elections.

Context

With full knowledge that the financial control environment was suboptimal, the Commission proactively engaged PwC to complete this assessment. Many of the control weaknesses stem from the use of EMS, which is not fit for purpose as a financial management system. As a result there are numerous manual processes and controls in operation across the 65 electorates.

Working within these constraints, the Commission sought PwC's advice on where processes and controls could be strengthened.

Summary of Stage One assessment

Stage One focussed on the design of existing controls within Electorates and, specifically, the EMS controls. By way of context, EMS is only used to manage 5% of the Electoral Commission's budgeted spend.

During Stage One we noted:

- several control gaps
- that there was a risk of unidentified fraudulent or erroneous transactions being processed
- that the comparatively small Electorate budgets should allow Finance to identify any major errors or frauds (i.e. exceeding \$10k) - albeit potentially not until after the election.

After Stage One we provided pragmatic control recommendations to help reduce risk for Election 2023.

These recommendations included:

- enhancing and centralising controls for purchase orders and vendor master data
- enhancing controls around bank accounts, Eftpos cards and financial review of expenditure
- improving documentation on financial review processes.

The Commission considered our findings and recommendations and addressed the top risks as efficiently as possible within the constraints of their environment.

Key enhancements implemented included:

1. establishing an HQ Support Role to fulfil financial administration duties
2. scanning all source documents to the National Office to ensure documents are reviewed and paid on time
3. issuing new Eftpos card daily transaction limits
4. conducting monthly national office control check reconciliations (N.b. this was not tested by PwC).

These enhancements represented a significant improvement from Stage One. Residual risk observations, where some risk remains, are discussed in the Stage Two summary.

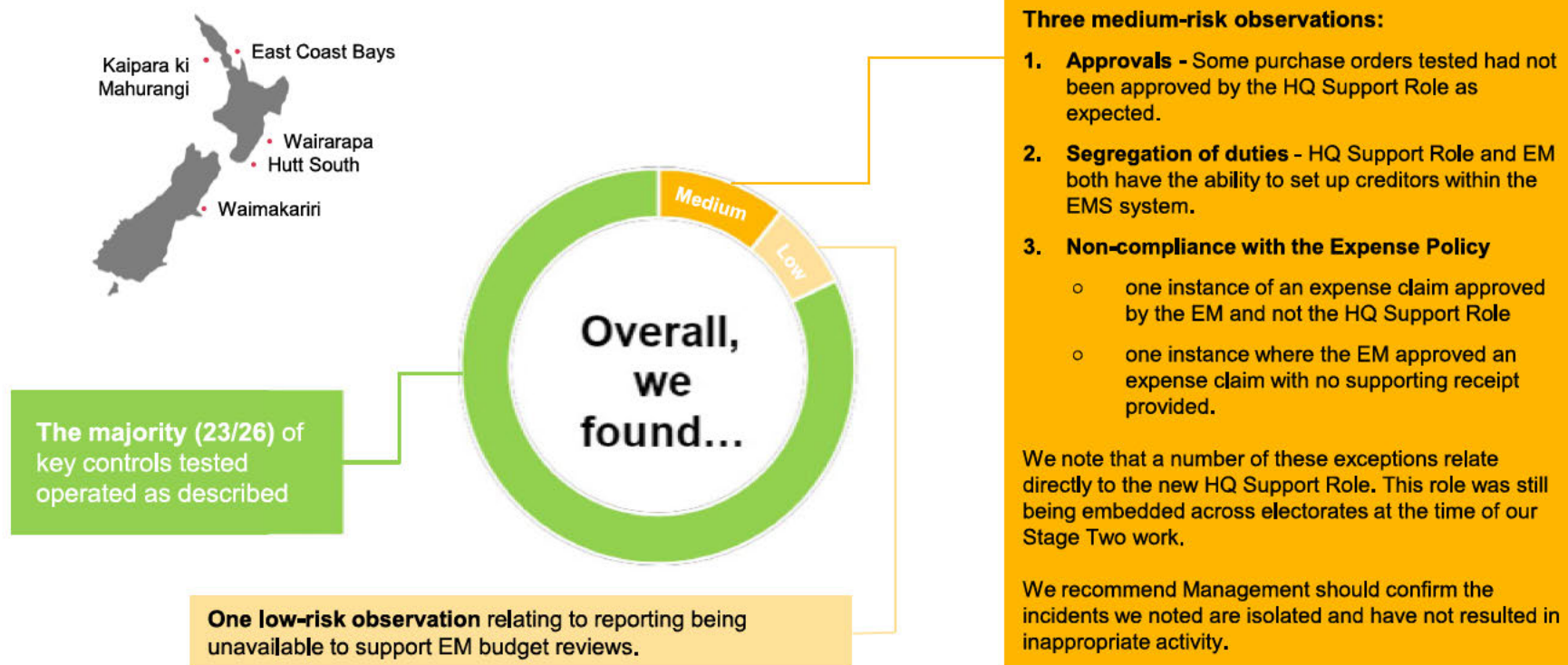
A summary of the key processes and controls, including any remaining gaps, is included in Appendix II of this report.

Key messages

Summary of Stage Two assessment

The majority of key controls that we sampled during Stage Two were found to be operating as designed. The remaining areas of medium and low risk should be considered by the Commission as potential areas of improvement for the next election. More detail on these are included in Appendix I of this report.

As part of **Stage Two** we tested 27 key controls at the National Office and across five electorates.



Key messages (cont.)

Recommended next steps

In this engagement we observed and made recommendations based on pragmatic and achievable changes to manage risk. Management have already made significant improvements based on our recommendations in Stage One.

In standing up Election 2026 financial controls, there is an opportunity to streamline, simplify and strengthen the design of processes and controls. This will support more effective risk management, and achievement of the Commission's business outcomes.

We recommend our report is revisited to:

- help inform that design work in line with the Commission's risk appetite (N.B. we anticipate that depending on risk appetite, there may be significant investment required in terms of technology centralisation and systemisation)
- ensure the control gaps observed in this report are considered and addressed in preparation for Election 2026.

A summary of the updated results from Stage One, and our Stage Two control sample assessments, are included in the appendices of this report.

Overall management comments

We are grateful for the PWC report that both enabled and shows how we greatly improved the management of risk during the GE2023 election.

The advice received will also be helpful in the design of future general elections.

Emma Gillard
(Finance and Administration Manager)



Appendices



Appendix I

Stage 2 - Summary of control operations assessment

Summary of testing performed

For Stage Two, we visited five electorates (East Coast Bays, Kaipara ki Mahurangi, Waimakariri, Hutt South, and Wairarapa) and the National Office to complete walkthroughs and testing over a sample of key controls to provide insight into how effectively the controls were operating.

The table below outlines a summary of the results of our testing.

Result of our testing	Count
No exceptions noted	23
Extreme risk control failures <i>i.e. a weakness with a significant potential impact to the Commission which should be remediated immediately.</i>	-
High risk control failures <i>i.e. a weakness that could compromise internal control and / or operational efficiency and that should be investigated and resolved as a matter of some urgency.</i>	-
Medium risk control failures <i>i.e. a weakness that can undermine the system of internal controls and / or operational efficiency. Management should confirm the incidents are isolated and have not resulted in inappropriate activity.</i>	3
Low risk control failures <i>i.e. a weakness that does not seriously detract from the system of internal control and/or operational efficiency. Issues with a low exposure rating may also be 'housekeeping' in nature.</i>	1
Overall total of controls tested:	27

The table on the following pages breaks down the controls we tested, outlines a brief summary of our testing approach, and details the results of our assessment. We have not tested every control outlined in Appendix II, but only those explicitly noted in Appendix I.

Summary of testing performed (continued)



Sub-process	Control Ref	Control	Summary of work performed	Priority Rating
Use of purchase orders	C1.2 (New Control)	All invoices are required to be independently reviewed and approved by the HQ Support Role against the PO raised (from 13 Sept onwards).	Exceptions noted - Purchase orders were not approved by the HQ Support Role for 4/11 transactions tested across 3 electorate offices. These exceptions occurred within the first 2 weeks of the role being established, whilst noting that testing was limited to after the implementation of the HQ Support role.	Medium
Creating a supplier	C2.1	All changes to vendor details in BC required independent approval through one-up review in Business Central platform. The one-up review is system-controlled. Supporting evidence e.g. bank statement is required to be verified against information within EMS by the reviewer.	Inspected a sample of 5 vendors at the National Office. No exceptions noted.	-
	C2.2	EFT payments cannot be processed if the bank account is not approved in the Business Central platform. An error message will appear when entering a vendor payment in BC to a payment journal without an approved bank account. This error message cannot be bypassed.	Sighted default error message when an incorrect bank account in EMS was imported to BC. No exceptions noted.	-
	C2.3 (New Control)	Vendors are independently set up in EMS by the HQ Support Role from 13 Sept onwards to enforce segregation of duties from the EM.	Exception noted - HQ Support Role and EM both have the functionality to set up creditors within the EMS system. In practice, one person would upload creditor details into EMS, and the other would mark them as checked. However, there is no evidence held within EMS of who uploaded and checked creditor details, as both roles can create a creditor and mark it as checked.	Medium

Summary of testing performed (continued)

Sub-process	Control Ref	Control	Summary of work performed	Priority Rating
Entering an invoice for payment	C3.1	EMS automatically identifies potential duplicate invoices by matching the invoice name and number with previously paid invoices. This warning cannot be bypassed.	Observed attempt to enter duplicate invoice information at one electorate office. No exceptions noted. However, we have identified that invoice number detail is not a mandatory field to be completed within Dynamics 365 Business Central, therefore the control will only operate if there is no input in this field.	-
Paying a supplier	C4.2	Finance performs a review of an EMS transactions listing to confirm no invoices over \$5,000 are processed for payment via EMS, prior to an accounts payable pay run. Invoices over \$5,000 must be sent to the National Office for processing along with supporting documentation.	Sighted the preparation and review of a pay run at the National Office. No exceptions noted.	-
	C4.3	Segregation of duties is enforced as EMs raise POs, HQ Support Roles review the invoice details against the PO and enters the invoice into EMS, Finance pays the invoice.	Tested a sample of eight purchase orders and invoices across three electorates and the National Office. No exceptions noted.	-
	C4.4	Eftpos cards have an ATM daily withdrawal limit of \$1,000 and a daily transaction limit of \$5,000.	Sighted confirmation from BNZ for new withdrawal limit, and inspected a sample of five electorate's eftpos cards to confirm limits. No exceptions noted.	-
	C4.6 (New Control)	All invoices (below \$5,000) are required to be independently reviewed and approved (by the HQ Support Role) against the PO raised by the EM.	Tested a sample of 30 purchase orders and invoices across five electorates and the National Office. No exceptions noted.	-
Transfer of data from EMS to BC	C5.3	The data transfer process is prepared by Financial Accountant and is independently reviewed by one-up (notified through BC generated email) and requires two independent levels of posting approval in BC.	Observed the data transfer process at the National Office. No exceptions noted.	-

Summary of testing performed (continued)

Sub-process	Control Ref	Control	Summary of work performed	Priority Rating
Transfer of data from EMS to BC	C5.4	Access to downloading the EMS file and uploading it into Dynamics 365 Business Central (BC) is limited to Finance.	Enquired with Electorate Manager and HQ Support Role on their accessing rights to Dynamics 365 Business Central and validated that they have no access to Dynamics 365 Business Central. No exceptions noted.	-
Paying invoices at National Office	C6.2	"System-enabled checks within BC detects duplicate invoice numbers for the same vendor. It then warns the user that it is a duplicate to prevent duplicate payments. This BC notification cannot be bypassed. Once an invoice number has been paid, it cannot be processed for payment again."	Observed an attempt in EMS to enter a duplicate invoice number. No exceptions noted.	-
	C6.4	Invoices over \$5,000 are sent to the National Office and independently approved by Regional Managers then processed by accountants in the Finance Team.	Tested a sample of 5 invoices over \$5,000 in value at the National Office. No exceptions noted.	-
Paying an expense claim	C7.3	Expense claims from staff members under EMs must be approved by EM and independently reviewed by the HQ Support Role. Expense claims from EMs must be approved by the RMs through BC's electronic approval process.	Exceptions noted - Of the 25 samples tested, we identified: <ul style="list-style-type: none"> One instance of an expense claim approved by the EM and not the HQ Support Role. From further investigation, the person in the HQ Support Role was yet to be trained. One instance where the EM approved an expense claim for a staff member's dinner with no supporting receipt provided. 	Medium
	C7.4 (New Control)	All receipts for expense reimbursements are required to be independently reviewed and approved by the HQ Support Role against the expense reimbursement form.	Inspected a sample of 25 expense reimbursements across five electorates and at National Office. No exceptions noted.	-
Month-end procedures	C9.2	The electorate budget is reviewed by the budget holders at month-end to help monitor whether the budget is on track and that funds are being allocated appropriately.	Exception noted - Due to the reporting functionality within the EMS system not being available, EMs were unable to monitor actual spending against the budget.	Low

Summary of testing performed (continued)

Sub-process	Control Ref	Control	Summary of work performed	Priority Rating
Month-end procedures	C9.4	Segregation of duties is enforced as EMs/HQ Support Roles record transaction, National Office Finance Team review financial statements. This is to minimise the risk of errors and fraudulent activities.	Observed segregation of duties across five Electorates and the National Office. No exceptions noted.	-
	C9.5	Bank reconciliations are performed monthly by the EMs to help confirm all financial transactions are accounted for, and that there are no discrepancies between the bank statement and cashbook. HQ Support role will be responsible for entering data into EMS cashbook, so the segregation of duties issue is resolved.	Tested a bank reconciliation at five Electorates. No exceptions noted.	-
Travel booking	C10.1	Travel requests for electorate staff must have one-up approved via a Travel Request form (M39-TRAVEL) prior to travel. The RM must approve in advance for all electoral travel where the cost is likely to exceed \$500, as well as a car rental, flights or accommodation.	Tested a sample of five travel requests at the National Office. No exceptions noted.	-
	C10.3	Supporting documentation such as receipts should be provided for all travel-related expense reimbursements. These are submitted for approval to Finance as a part of the expense reimbursement process. All personal expense reimbursements requests are required to be independently approved by Finance, against supporting receipts.	Tested a sample of 20 travel-related expense reimbursements across five Electorates and at the National Office. No exceptions noted.	-

Summary of testing performed (continued)

Sub-process	Control Ref	Control	Summary of work performed	Priority Rating
Paying koha	C11.2	Pre-approval is required to be obtained from the Chief Executive for all koha payments.	No koha payments were made during the testing period.	-
Petty cash	C12.3	Petty cash fund is capped at \$300 for each electorate, and is intended for purchasing office supplies, such as milk and biscuits. After the election, EMs deposit the remaining funds into the electorate cheque account from petty cash.	Four out of five Electorates tested did not hold petty cash on site. No exceptions noted.	-
	C12.4	All petty cash is kept secure in a locked tin, with access limited to only EMs.		
Budgets	C13.2	Finance review and approve all budget changes raised by the EMs prior to updating the budget in EMS.	Validated Finance review at the National Office. No exceptions noted.	-
	C13.3	Peer review is performed by Finance to verify the budget data entered in the spreadsheet by the EMs against the amounts loaded into EMS, prior to the budget being finalised and locked down. 'Regional Budget Summary Report' is run and reviewed by RMs before they sign off budgets for their electorates. (not documented, could be email comms or calendar dates). Verify with voting services that current processes are being followed.	Validated Finance review at the National Office. No exceptions noted.	-
	C13.4	Finance prepares a spreadsheet of the electorate's budget, which is reviewed and approved by EMs and RMs.	Validated EM and RM review at the National Office. No exceptions noted.	-
	C13.5	Once the budgets has been approved by Finance, systematic restrictions in EMS lock down the budget, preventing unauthorised changes from being made.	Validated restrictions in EM the National Office. No exceptions noted.	-



Appendix II

Stage 1 update - Summary of key controls, gaps and new controls

Key objectives of the EMS financial processes



Financial processes are expected to provide confidence in the completeness, accuracy and validity, restricted access, and timeliness of financial information. We have considered these key objectives when identifying the key controls and control gaps across the in-scope business processes.

Completeness	All relevant financial transactions, records, and information are accurately captured and recorded. Completeness involves verifying that all financial transactions, such as sales, purchases, payments, and receipts, are appropriately documented, and no significant transactions or accounts are omitted.
Accuracy and validity	The integrity and reliability of financial records related to vendor invoices, payments, and liabilities by verifying the accuracy of data entry and coding. Accuracy and validity ensure that POs and invoices are recorded with the correct amounts, vendor details, and appropriate expense categories.
Restricted access	Preventing unauthorised access or manipulation, and maintaining the confidentiality and integrity of financial information. This includes implementing segregation of duties, user access controls, and monitoring mechanisms to prevent unauthorised modifications or misuse of financial information.
Timeliness	Adhering to Policy and guidelines, timely processing of financial transactions, and providing relevant financial information to internal stakeholders in a timely manner. Timeliness includes the efficiency of financial processes, the speed of transaction processing, and the timeliness of payment. This helps to ensure that financial information is available when needed for decision-making and compliance purposes.

Sub process 1: Use of purchase orders



Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations			
All purchases over \$50 have an approved purchase order. Every purchase made requires retention of a tax receipt/invoice	Discrepancies and irregularities are accurately detected when purchase orders are approved.	Only those with the delegated financial authority will approve POs.	N/A
Current controls:			
C1.1 - Retrospective testing is internally conducted by the Finance Business Partner after the election. This includes testing to confirm supporting documentation is in place for each transaction, including Purchase Orders for transactions over \$50 (detective, manual control).		-	-
C1.2 - All invoices are required to be independently reviewed and approved by the HQ Support Role against the PO raised (detective, manual control). Improved Control *			C1.3 All invoices (below \$5,000) are required to be independently reviewed and approved (by the HQ Support Role) against the PO raised by the EM (detect, manual control) Improved Control

Control gaps:

G1.1 - The use of physical PO books in each Electorate prevents Finance from reconciling POs to the receipts and invoices until after the election.

G1.2 - System-enabled controls are not in place within EMS to ensure supporting documentation is provided.

G1.3 - Accounts payable and purchasing records are not reconciled at month-end by Finance to detect missing information or anomalies, such as descriptions or quantities.

G1.4 - Accounts payable and purchasing records are not reconciled at month-end by Finance to detect discrepancies or errors.

G1.5 - No controls in place to track changes made to POs, or to require re-approvals.

-

Sub process 2: Creating a supplier



Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations:			
All suppliers are set up in EMS and BC.	Vendors' NZBN and bank account details are set up correctly in EMS and BC. Information from the invoice is used to set up the vendor, there is no vendor set-up form.	Electorate Managers set up vendors in EMS.	N/A
Current controls:			
<p>C2.1 - Vendor setup requires the provision of proof of a bank account e.g. copy of a bank statement (preventative, automated control).</p> <p>C2.2 - EFT payments cannot be processed if the bank account is not approved in BC. An error message will appear when entering a vendor payment in BC to a payment journal without an approved bank account. This error message cannot be bypassed (preventative, automated control).</p> <p>C2.3 - Vendors are independently set up in EMS by the HQ Support to enforce segregation of duties from the EM (prevent, manual control). Improved Control</p>		-	-
			C2.3 - Vendors are independently set up in EMS by the HQ Support to enforce segregation of duties from the EM (prevent, manual control). Improved Control
Control gaps:			
G2.1 - There is no designated form for suppliers to complete in order to capture essential supplier details such as NZBN, GST number and bank account information. Instead, the vendor information listed on the invoice is used for a vendor setup.	<i>Refer to G2.1</i>	G2.2 - Limited segregation of duties, as each Electorate Manager is able to create new vendors in EMS, and input invoices into EMS for payment.	G2.4 - No control to require suppliers to be set up and approved in advance. As such suppliers are often only set up once the invoice is received. This increases the risk of delays in invoice processing and making timely payments.
		G2.3 - Both Electorate Manager and HQ Support both have edit access to make changes to vendor masterfile data.	

Sub process 3: Entering an invoice for payment



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations: All invoices under \$5,000 are input into EMS for payment.</p>			
	<p>Electorate Managers input the Invoice name and number into EMS correctly. Mistakes are caught by the Regional Managers during their visual inspection.</p>	<p>Electorate Managers input invoices into EMS and these are approved by Regional Managers.</p>	<p>N/A</p>
<p>Current controls:</p>			
<p>C3.1 - All invoices (below \$5,000) are required to be independently reviewed and approved (by the HQ Support Role) against the PO raised by the EM (detect, manual control) Improved Control</p>	<p>C3.2 - EMS automatically identifies potential duplicate invoices by matching the invoice name and number with previously paid invoices. This warning cannot be bypassed (preventative, automated control).</p>	-	-
<p>Control gaps:</p>			
-	-	<p>G3.2 - Limited segregation of duties, as each Electorate Manager is able to initiate and approve purchase orders (POs), execute payments by Eftpos card, record transactions in the cashbook, create new vendors in EMS, and input invoices into EMS.</p>	<p>G3.3 - Aging of invoices under \$5,000 in EMS is not monitored against the physical PO books by Finance, which limits visibility over outstanding payment obligations.</p>

Sub process 4: Paying a supplier



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations: All suppliers are either paid by Eftpos card, Accounts Payable module in EMS or paid by National Office.</p>	<p>Payment methods between Eftpos card, Accounts Payable and National Office are selected correctly. Receipts for Eftpos Card payments are coded correctly. Transactions are recorded in the cashbook or entered into EMS correctly.</p>	<p>Only Electorate Managers have access to the Electorate's Eftpos card. Electorate Managers record Eftpos transactions in the cashbook. Electorate Managers input invoices in Accounts Payable.</p>	N/A
<p>Current controls:</p>			
<p>C4.1 - Finance perform a high-level check over the accounts payable transactions processed through the EMS to detect any discrepancies or anomalies. Some of the key areas of focus include accuracy of invoice details, proper coding and classification, and unusual or excessive transactions (preventative, manual control). C4.2 - Finance performs a review of an EMS transactions listing to confirm no invoices over \$5,000 are processed for payment via EMS, prior to an accounts payable pay run. Invoices over \$5,000 must be sent to the National Office for processing along with supporting documentation (detective/corrective, manual control). C4.3 - All invoices (below \$5,000) are required to be independently reviewed and approved (by the HQ Support Role) against the PO raised by the EM (detect, manual control). Improved Control</p>		<p>C4.4 - All invoices should be processed for payment by Finance. Electorate Managers cannot pay invoices (noting some purchases are paid by Eftpos or expenses) (preventative, manual control). C4.5 - Eftpos cards have an ATM daily withdrawal limit of \$1,000 and a daily transaction limit of \$5,000. (preventative, automated control). Improved Control NOTE: Transactions over \$5,000 should not be paid by Eftpos cards</p>	<p>C4.6 - Finance reviews the approved invoices for payment every week to check for late approved or erroneous dated invoices.</p>

Control gaps:

G4.1 - There are no controls to notify Finance or Management when upcoming payments are due or flag payments which are overdue.

Refer to G4.1

G4.2 - Finance reviews the approved invoices for payment every week to check for late approved or erroneous dated invoices. However, this is a manual check susceptible to human error.

G4.3 - Limited segregation of duties, as Electorate Managers execute payments by Eftpos card, record transactions in the cashbook, create new vendors in EMS, and input invoices into EMS with no approvals
G4.4 - The overall limit for Eftpos card payments does not restrict Electorate Managers from spending over \$5,000 on Eftpos card transactions.

Same as G4.1

Sub process 5: Transfer of data from EMS to BC



Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations:			
Data from all electorates is loaded into BC.	Reconciliation ensures data exported from EMS is the same as the data imported into BC.	Only the central Finance team conduct the data transfer.	N/A
Current controls:			
C5.1 - Due to the absence of encryption, Finance performs reconciliations of the EMS file against the data in BC to confirm data integrity every time data is transferred (detective, manual control).		C5.4 - Access to downloading the EMS file and uploading it into Dynamics 365 Business Central (BC) is limited to Finance (preventative, IT-enabled).	-
C5.2 - Data from all electorates in EMS is downloaded into a single file to import into BC (preventative, IT-enabled).	C5.3 - The data transfer process has a double review, and a two level posting approval in BC (preventative, manual control).	C5.5 - User access is controlled and monitored by the technical EMS team (preventative, IT-enabled).	
Control gaps:			
-	G5.1 - The manual transfer of data between EMS and BC increases the likelihood of data entry errors, such as omissions and incorrect formatting.	-	G5.2 - The manual and disconnected nature of this process increases the risk that invoices may not be paid within 10 working days, in line with Public Sector guidance.

Sub process 6: Paying invoices at National Office (NO)

Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations:			
All payments over \$5,000 are paid by National Office.	Duplicate invoices will be caught based on BC system controls. Finance reviews the transactions to catch unreasonable transactions.	Only National Office should be paying for transactions over \$5,000.	N/A
Current controls:			
C6.1 - 'EMS – System Specification Accounts Payable' documentation is in place, providing an overview of rules, functions and reports to manage the payment of invoices for each Electorate by NO (preventative, manual and IT-enabled controls).	C6.2 - System-enabled checks in BC detect duplicate invoice numbers for the same vendor. It then warns the user that it is a duplicate to prevent duplicate payments (preventative, automated control). C6.3 - Invoices are sent to National Office to be paid. Finance reviews the transactions through visual inspection to check the reasonableness of the transaction prior to payment (preventative, manual control).	C6.4 - There is segregation of duties as invoice payments are processed by accountants in the Finance Team but these transactions are approved by others in National Office.	-
Control gaps:			
-	G6.1 - Current practices lack thorough Finance verification of invoice details, including vendor name, invoice number, and amount. No review of vendor bank account details for duplicates and cross-referencing them against employee bank account details has ever been performed by Finance.	-	G6.2 - System-enabled controls are not in place to notify when upcoming payments are due or flag payments which are overdue. This increases the risk that invoices may not be paid within 10 working days, in line with Public Sector guidance.

Sub process 7: Paying an expense claim



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations:</p> <p>All expenses are attached with an expense claim form and a receipt.</p> <p>Expense claim form is filled out correctly.</p> <p>All expenses from those below Electorate Managers are approved by the EM. All expenses from Electorate Managers and Regional Managers are approved by the Central Finance Team.</p> <p>N/A</p>			
<p>Current controls:</p> <p>C7.1 - Retrospective testing is internally conducted by the Finance Business Partner after the election. This includes testing to confirm supporting documentation is in place for each transaction, including Purchase Orders for transactions over \$50 (detective, manual control).</p> <p>C7.2 - Requirement to provide both a receipt and an appropriately completed expense claim is in place. However, this is not system-enforced (detective, manual control).</p> <p>C7.3 - Expense claims from staff members under EMs must be approved by an EM and independently reviewed by the HQ Support Role. Expense claims from EMs and Regional Managers must be processed by Finance. There is a control within Business Central, whereby an RM must approve all EM expense reimbursements (preventative, manual control).</p> <p>C7.4 - All receipts for expense reimbursements are required to be independently reviewed and approved by the HQ Support Role against the expense reimbursement form (prevent, manual control). Improved Control</p>			

Sub process 8: Review of cashbook



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations:</p> <p>All Eftpos card transactions are recorded in the cashbook</p> <p>Electorate Managers catch discrepancies between the cashbook and bank statements through visual inspection.</p> <p>Electorate Managers reconcile the cashbook to bank statements</p> <p>Cashbook is reviewed and reconciled with bank statements at the end of every month.</p>			
<p>Current controls:</p> <p>C8.1 - 'EMS – System Specification CASHBOOK' documentation is in place, providing an overview of rules, functions and reports to manage the incoming and outgoing cash transactions for each Electorate by NO (preventative, manual control).</p> <p>C8.2 - Retrospective review ("external audit") is conducted by KPMG after the election to validate the completeness, accuracy and validity of the cashbook entries, including purchases, expense claims, and receipts (detective, manual control).</p>			
-	-	<p>G8.1 - The absence of segregation of duties enables the Electorate Managers to both use the Eftpos card and reconcile the cash transactions. No independent review is performed to ensure reconciliations agree to the bank statements.</p>	<p>G8.2 - Lack of real-time monitoring by Finance impacts the Electoral Commission's ability to identify discrepancies or errors promptly, ensuring the accuracy and validity of cashbook entries.</p>

Sub process 9: Month-end procedures



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations:</p> <p>All Eftpos card transactions are recorded in the cashbook. All petty cash transactions are recorded in the petty cash spreadsheet.</p> <p>Transactions are recorded accurately in the cashbook and petty cash spreadsheet. Reconciliations between cashbook and bank statements performed monthly.</p> <p>Month-end reconciliations are conducted by Electorate Managers.</p> <p>Done at the end of every month.</p>			
<p>Current controls:</p> <p>C9.1 - Cashbook transactions report is reviewed by the Regional Managers and Finance at month-end to help identify any errors or omissions in recording transactions, and confirm all transactions are assigned to the correct financial month (detective, manual control).</p> <p>C9.2 - The electorate budget is reviewed by the budget holders at month-end to help monitor whether the budget is on track and that funds are being allocated appropriately (detective, manual control).</p> <p>C9.3 - Retrospective testing is internally conducted by the Finance Business Partner after the election. This includes testing to confirm supporting documentation is in place for each transaction, including Purchase Orders for transactions over \$50 (detective, manual control).</p> <p>C9.4 - There are relevant checklists and processes in place at National Office for month-end activities (prevent, manual control).</p> <p>C9.5 - Different individuals are responsible for recording transactions, reviewing financial statements, and approving adjustments to minimise the risk of errors and fraudulent activities (preventive, manual control).</p> <p>C9.6 - Bank reconciliations are performed monthly by the Electorate Managers and Finance to help confirm all financial transactions are accounted for, and that there are no discrepancies between the bank statement and cashbook (corrective, manual control).</p>			

Sub process 10: Travel booking



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations: National Office aims to organise all travel through the travel provider, but there are instances where the travel provider is unsuitable e.g. remote areas</p>	<p>Supporting documentation for all travel-related expenses are provided for all travel-related expense reimbursements.</p>	<p>Travel requests for those below Electorate Managers must be approved by Electorate Managers. Travel requests for Electorate Managers themselves are approved by the Regional Manager . The travel policy strictly says Eftpos cards cannot be used for travel</p>	<p>N/A</p>
<p>Current controls:</p> <p>C10.1 - Travel bookings are made via the National Office, with the exception of the last-minute bookings that are organised by the Electorate Managers. The Electorate Manager approves travel for all electorate staff in advance of their travel using the Travel Request form (M39-TRAVEL). The Regional Manager must approve in advance all electoral travel where the cost is likely to exceed \$500, as well as a car rental, flights or accommodation (preventive/detective, manual control).</p> <p>C10.2 - Partnership with Tandem Travel is in place for corporate travel management, which allows employees to follow established guidelines, such as booking within budget limits (preventive, automated control).</p> <p>C10.3 - Supporting documentation such as receipts should be provided for all travel-related expense reimbursements. These are submitted for approval to Finance as a part of the expense reimbursement process (detective, manual control).</p>			<p>C10.4 - Travel expenses are reviewed as part of month-end procedures where actual travel expenses are compared to budget to monitor and address exceptions, such as overspending (corrective, manual control).</p>

Sub process 11: Paying koha



Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations: Policy is in place for koha payments made in relation to community engagement work. Electorate Managers are not meant to make koha payments as they are not meant to be conducting any community engagement work.			
Current Controls			
C11.1 - Finance review GL transactions to monitor for koha payments made by Electorate Managers and Regional Managers that are not in line with the Policy at month-end (detective, manual control)		C11.2 - Pre-approval is required to be obtained from the Chief Executive for all koha payments (preventive, manual control).	

Sub process 12: Petty cash



Completeness	Accuracy & Validity	Restricted Access	Timeliness
Current policy expectations:			
All petty cash transactions are recorded by the Electorate Managers in the petty cash spreadsheet.	All petty cash purchases must be approved by the Electorate Manager and come with a receipt.	N/A	The petty cash spreadsheet is compared against the actual petty cash amount at the end of every month.
Current controls:			
<p>C12.1 - Retrospective testing is internally conducted by the Finance Business Partner after the election. This includes testing to confirm supporting documentation is in place for each transaction, including Purchase Orders for transactions over \$50 (detective, manual control).</p> <p>C12.2 - M38-CASH Petty cash spreadsheet, including the date, the supplier, the amount, and the expenditure description, is used to record petty cash expenditure by the Electorate Managers as soon as it occurs. Regional Managers are expected to review the Electorate's Cashbook and bank reconciliation, and confirm they are reasonable, by last working day of the calendar month (detective, manual control).</p>		C12.4 - Petty cash is kept secure in a locked tin (preventive, manual control).	-
		C12.3 - Petty cash fund is capped at \$300 for each electorate, and is intended for purchasing office supplies, such as milk and biscuits. After the election, Electorate Managers deposit the remaining funds into the electorate cheque account from petty cash (preventive, manual control).	
Control gaps:			
G12.1 - Insufficient monitoring and oversight limits Finance and Regional Managers ability to confirm the fund is being used appropriately, and that any issues or irregularities are addressed in a timely manner.	-	G12.2 - Limited segregation of duties, as each Electorate Manager is able to both spend funds from the petty cash fund and reconcile the transactions.	Same as G12.1

Sub process 13: Budgets



Completeness	Accuracy & Validity	Restricted Access	Timeliness
<p>Current policy expectations:</p> <p>N/A</p>			
<p>Current controls:</p> <p>C13.1 - EMS – System Specification BUDGETS' documentation is in place, providing an overview of the functions and reports within the finance module used by the National Office, and the fields to manage the budgets for each Electorate (preventive, manual control).</p> <p>C13.2 - All budget changes raised by the Electorate Managers need to be discussed and approved by Finance prior to being finalised. Finance review and approve any budget changes raised by the Electorate Managers prior to updating the budget in EMS (detective, manual control)</p> <p>C13.3 - Peer review is performed by Finance to verify the budget data entered in the spreadsheet by the Electorate Managers against the amounts loaded into EMS, prior to the budget being finalised and locked down. 'Regional Budget Summary Report' is run and reviewed by Regional Managers before they sign off budgets for their electorates. (detective, manual control).</p> <p>C13.4 - Finance prepares a spreadsheet of the electorate's budget, which is reviewed and approved by Electorate Managers (Electorate Managers) and Regional Managers (Regional Manager s) (detective, manual control).</p> <p>C13.5 - Once the budgets have been finalised, Finance lock the budgets in EMS, so that they cannot be edited further (preventive, manual control).</p> <p>C13.6 - Spreadsheet budget is finalised by the end of June and locked down in EMS by Finance by the end of July (preventive, manual control).</p>			

Thank you

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