

Hertfordshire County Council

**INTERNAL AUDIT
PLAN**

2002/03

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Internal Audit
February 2002*



INVESTOR IN PEOPLE

Hertfordshire County Council

***INTERNAL AUDIT
PLAN***

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INTRODUCTION

This Plan sets out Internal Audit's projected work for 2002/03. It is aimed at:

- the Audit Committee
- Chief Officers
- other senior officers and managers throughout HCC
- the District Auditor
- Internal Audit staff.

I am particularly grateful for the input from all of the above to our planning process.

For each Department, the Plan now groups our work into two categories, namely:

- **regular audits** – those reviews which we carry out on a predetermined frequency, derived from our annual risk assessment exercise; and
- **development and audit issues** – our input to new developments, or work resulting from concerns about possible control weaknesses or other audit matters.

A *Glossary* on page 7 provides definitions of some of the audit jargon used in this plan. The relevant Group Auditor or I will be glad to provide any further explanations, or further copies of this document.

Chris Kay
Chief Internal Auditor
February 2002

DEVELOPING THE PLAN

In planning our work for the coming year, we have taken into account a number of influences and processes, including:

- ⇒ ***contacts in services*** *discussions with managers and others in order to assess the impact of change on services*

- ⇒ ***risk assessment*** *our annual detailed analysis of risk factors applying to all auditable activities of the authority, to derive our audit priorities*

- ⇒ ***District Auditor*** *close co-ordination of our plans with those of District Audit, and incorporation of their priorities and recommendations*

- ⇒ ***Finance Board*** *incorporation of issues identified by the Finance Board*

- ⇒ ***Chief Officers*** *presentations to each Chief Officer (or senior representative) of our draft Plan for their service, and adjustments to accommodate their priorities and concerns*

- ⇒ ***Audit Committee*** *presentation of the draft Plan to the Committee, and incorporation of their concerns.*

KEY ELEMENTS

Our aim is to:

- contribute constructively to key developments, ensuring that financial and data controls are robust, that potential benefits are actually realised, and that corporate governance remains strong
- apply objective risk assessment when determining the nature and extent of our coverage
- ensure that basic financial and asset management systems continue to operate reliably, effectively and with minimum risk of irregularity
- continue to improve our own efficiency, particularly through the planned Best Value reviews covering Internal Audit
- respond positively to the needs of those we audit, within the constraints of our remit.

Financial systems and arrangements

We will contribute to and audit a number of important new financial system developments, including the planned corporate financial system. Our annual audits of the overall financial management of each department will assess the adequacy of services' high level controls. These audits will be supplemented by reviews of a range of supporting systems, and by consultancy advice to managers on procedures.

We will also apply detailed tests to the existing core financial systems, paying particular attention to areas that we have previously identified as needing improvement. In addition to our audits of the systems' key controls, we will audit one of the pension fund managers (as lead authority for a number of councils), and will review the speed with which creditor payments are made.

Information systems

Beyond the purely financial systems, we will provide audit input to key management information systems. These include a new Human Resources system, and the Oracle database being developed for Children Schools & Families and Adult Care Services. Modernisation of the ways in which the authority transacts with many other public and private organisations, particularly in response to the "e-government" initiative, will have significant audit implications. Use of the internet, and of the authority's intranet, are expected to grow. The electronic interchange of data with schools, for example, should provide efficiencies for all parties, but will also need to be robust and secure.

We will also use specialist audit software to test Departments' local networks, and undertake several audits aimed at ensuring the security of personal and sensitive data.

Contracts and partnerships

Developments in the relationships between the authority and a range of key external service providers will require significant audit input. These include:

- reshaping of property services contracts
- next generation highway services
- review of managed financial services and IT facilities management contracts
- increasing take-up by schools of the freedom to opt for local contracts for key services such as payroll and school meals
- further development of contracts such as that for the recruitment centre.

We will give further attention to capital project management, focusing on:

- audits of key projects
- the project sponsor role
- capital payment and budgetary controls
- school projects where the National Lottery is a major source of funding

Partnerships with the Health sector will continue to develop. We will work to establish joint audit arrangements for these, and to ensure sound controls over pooled budgets, and over IT network links. Our ongoing programme of audits of highways agencies and partnerships with the District Councils will continue.

Best Value

In addition to our now-established work on performance indicators and the “challenge” element of BV reviews, there will be a particular emphasis on:

- contributing to the BV review of the Management of the authority
- significant input to the review of financial services, including internal audit (also to be covered by a Police Authority BV review)
- follow-up of recommendations from the Year 1 (2000/01) reviews.

The broader Internal Audit role

In addition to the planned audits and projects referred to here, we will continue to fulfil a broader role within the authority, including:

- special investigations, projects and consultancy work to examine suspected irregularities, or at the request of senior managers
- support for the Audit Committee, and related Member functions
- participation in corporate management, for example through chairing the Finance Board
- liaison with District Audit
- audits of external clients ranging from the Police Authority to local charities.

GLOSSARY

The following definitions cover some of the audit terms used most frequently in this Plan.

<i>Access control</i>	<i>A procedure designed to prevent or detect unauthorised access, or amendments, to computer-held data and/or programs</i>
<i>Best Value</i>	<i>A framework required by legislation, designed to secure continuous improvement through an annual BV Performance Plan, including a five-year review programme covering all services</i>
<i>Compliance test</i>	<i>An audit check of a small number of transactions or records, to test whether controls are operating as intended by management</i>
<i>Computer-aided audit techniques (CAATs)</i>	<i>A variety of computer programs and other techniques designed to extract, analyse or test data held on computer files, or to test the working of computer processes and controls</i>
<i>Contract audit</i>	<i>An audit methodology for the examination of all types of contract, covering the whole process from initial planning to post-completion assessment</i>
<i>Core financial system</i>	<i>A computerised or other process fundamental to the operation of the authority's financial affairs</i>
<i>Corruption</i>	<i>The offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions of the Council, its Members or its officers</i>
<i>Data matching</i>	<i>Comparison using computer techniques of different sets of information, from within the Council or from other bodies, designed to detect possible fraud</i>
<i>E-commerce</i>	<i>Electronic processing and authorisation of a wide range of transactions previously carried out manually, often involving the Internet</i>
<i>Fraud</i>	<i>The intentional distortion of financial records, carried out to conceal the misappropriation of assets or otherwise for gain</i>
<i>General auditor</i>	<i>A term used to distinguish other auditors from specialists such as computer or contract auditors</i>

<i>Internal control</i>	<i>A procedure which ensures that management objectives are properly and efficiently carried out</i>
<i>Irregularity</i>	<i>An improper or erroneous use of the Council's resources</i>
<i>Key controls</i>	<i>Those processes most likely to prevent or detect material errors or other irregularities</i>
<i>Pre-implementation review</i>	<i>An audit of a computerised or other system shortly before its live operation</i>
<i>Regularity audit</i>	<i>The cyclical review and testing of a system or establishment, aimed at providing an opinion of the reliability and propriety of the financial arrangements</i>
<i>Risk assessment</i>	<i>A systematic process, preceding or following detailed audit, to assess the probability of material error, loss or irregularity in an activity</i>
<i>Substantive test</i>	<i>An audit check of sufficient numbers of transactions or records to give a good level of confidence in their completeness, accuracy and validity</i>
<i>Systems audit</i>	<i>An audit approach involving the documentation, evaluation and testing of controls within a financial process</i>
<i>Value for money audit</i>	<i>Examination of the arrangements for securing economy, efficiency and effectiveness in the use of resources</i>

Work planned in Departments

ADULT CARE SERVICES

We will continue to support the department in its financial management arrangements, contract and financial rules. In particular, we will support on a consultancy basis the development and operation of **financial procedures**. Towards the end of the year we will again evaluate the adequacy of overall **financial management** within the department. We will also maintain close involvement in systems development.

Regular audits

We will carry out **regularity reviews**, i.e. the cyclical testing of a unit in order to provide an opinion on the financial arrangements, at the following **in-house establishments and teams**:

Elderly

- Day Centres
- Area EPD Teams

Adults

- Hostels (Learning Disability)
- Group Homes (Learning Disability)
- Day Centres (Learning Disability)
- Hostels (Physical Disability)
- Day Centres (Physical Disability)
- Multi Purpose Day Centres
- Sensory Disability Team
- Community Learning Disability Teams.

In addition, we will carry out the following routine **system reviews**, evaluating the arrangements for minimising loss and as appropriate, testing for irregularities in high risk areas:

- **Quantum Care/Runwood income and expenditure**
- **Asylum seekers payments**
- **ACS Travel expenses.**

Computer Audit will also carry out a security review of the Adult Care Services **Novell network**, which will cover user access, backups and disaster recovery.

Developments and audit issues

We will continue to make time available on a consultancy basis to the **Partnership** arrangements with the Health Sector. In particular, we aim to develop the joint audit arrangements with Health, and to contribute to the finalisation of controls for managing **Pooled Budgets**. We will also audit the arrangements in place for ensuring that there is adequate security around the links between the **HCC network and its partners within the Health Service**.

We will continue our involvement in the **Oracle Project**.

We will carry out contract audits of tendering of **Extra Care Housing for the Elderly at Borehamwood** and contractual arrangements for the new **Western House** continuing care nursing home redevelopment.

We will review the contracts for the upgrading of **Gypsy Sites**, including the use of the DETR grant.

Contractual arrangements for **Supporting People** will be audited. Supporting people is a new and important way in which local authorities and their partner agencies in health and probation can deliver some of the local strategic priorities of the community plan, health improvements plan and the community safety strategy. Computer audit will also monitor and review the introduction of the Supporting People database to support the initiative, with particular attention on access security and integrity of the data.

We will review the process for ensuring the proper identification of elderly and some learning disabled clients, with previously **Preserved Rights** for long term residential funding and will audit the cost calculation.

We will keep a watching brief on the **Commissioning Strategy for Care for the Elderly**.

Arrangements for paying nursing homes in respect of **Free Nursing Care** plans will be reviewed.

We will carry out a contract audit of the current phase of capital improvements to **Learning Disability Hostels**.

We will also review progress on the continued development of the **Homecare/Daycare Billing System**.

CHILDREN, SCHOOLS AND FAMILIES

Regular audits

School and other CSF establishment audits

We will continue to conduct audits of schools and other CSF establishments during the coming year, based on intervals agreed with the Director of CSF, as follows:

Type of establishment	Interval (months)	Number of establishments	Auditor days
<u>Schools</u>			
Nursery	36	6	12
Primary	36	157	397
Middle	36	4	12
Special	36	10	30
Secondary	24	31	192
Education Support Centres	36	5	10
Secondary schools assessed as above average risk	15	5	30
Secondary schools assessed as high risk	6 - 12	3	18
Other schools assessed as above average risk	18	8	23
Other schools assessed as high risk	6 - 12	2	5
		231	729
<u>Other establishments</u>			
Family Support Centres	24	9	9
Community Homes	12	8	24
Hostels for Children with Learning Disabilities	12	2	6
Youth Offending Teams	24	4	4
		23	43
Overall totals		254	772

We will continue to work with our colleagues in the School Funding Unit (SFU) to review and monitor the financial administration of **schools scheduled for closure or merger** during the 'winding-up' period. However, we have decided to further target audits where a **change of Head occurs** based on an assessment of risk, and taking account of the interval since the last audit of the school. Our experience over the years has led us to conclude that few problems occur in such circumstances.

We will also continue to tackle **queries and issues** thrown up by the audits of particular schools and to respond to such queries as presented by schools, our colleagues in the SFU and CSF department generally, and occasionally other sources.

For the coming year at least, we will continue to require schools to submit summary details of their private account at the end of the current financial year.

School related audits

During the year we intend to carry out audits of **schools' procedures for returning pupil number data to the Authority** and for **financial planning** beyond the next financial year. These audits will involve visits to a sample of schools, and we expect the results to inform the approach we will take to these areas in regular school audits, and, potentially, to result in recommendations to be disseminated to all schools.

Once again, we will set aside time to assist our colleagues in the SFU to resolve any problems that may arise with **schools' completion of the Annual Accounting Return**.

A small contingency will continue to allow us to investigate **unexplained shortfalls in school meal income** as these are reported to us by County Supplies & Contract Services.

We will monitor and contribute to the **arrangements for school meal provision**, as required in the light of the developments in this area. We also intend, in particular, to review **contract letting and monitoring arrangements at schools** that have opted to operate their own contracts.

We will review the **proposed arrangements of any further schools that opt to leave the ITnet payroll contract** in favour of in-house operation or an alternative payroll bureau. However, any time that we are required to spend to do this will have to be done at the expense of other school audit coverage, or come from our general contingency.

We will oversee the processing and transfer of the annual **School Budget Share Allocations** and review the process for the monthly **Recovery of Schools Pay Costs**.

Other audits

We will carry out the annual review of key **Service Financial Management Arrangements** to confirm that recommendations made previously have been implemented as agreed, and that controls continue to operate effectively.

We will carry out security reviews of both the CSF and the School Standards and Curriculum **Novell Networks** that will include user access, backups and disaster recovery.

The School Standards and Curriculum **Local Trading System** and **FEAST** system for the processing of Student Awards will both be subject to standard installation computer audits.

These reviews will look at physical and logical access, system administration, the controls over inputs, the completeness and accuracy of management information produced, and business continuity arrangements. **The general procedures for the processing of student awards** will be the subject of an audit parallel to that of the FEAST system itself.

We will carry out audits of the following systems and procedures within the CSF department:

- **recoupment of the costs of SEN provision** from other Local Authorities for their children placed in Hertfordshire schools (and controls over payments made in the opposite direction)
- procedures for processing **creditor payments**
- procedures for making **payments to foster carers** (which are still administered in part by ITnet, pending the transfer of this process to the CSF Oracle system)

We will audit the procedures for **Capital, and Repairs and Maintenance** works, on **non-school properties**.

We will **follow up our 2001/02 report on the Music Service** to confirm that the recommendations made have been implemented.

Developments and audit issues

We will review the systems, some of which are currently being piloted, for the **Electronic Data Interchange with Schools**.

We will input to and review the proposed system for the **Direct Debiting of CSCS charges to Schools**.

Within the **Planning Division**, we will review the operation of the project sponsors' role including the adequacy of the financial information available, and the use made of it. We will review the process for estimating capital projects, and the quality of feasibility studies, such as those for Oxhey Nursery and Round Diamond schools.

We will audit the tendering and financial aspects of the **contract for the new Forecasting System** for the demand for school places across the County.

We will carry out our first audits of the financial procedures in the each of the four **Quadrants within the Local Services Division**. We will pay particular attention to the procedures surrounding the **procurement of local transport** to meet the needs of children. (This budget is forecast to be overspent in 2001/02, and was significantly overspent the previous year, when managed within the then Social Services department).

We will conduct a brief review of the department's procedures and controls to ensure that it complies with the requirements attached to the various **grants** it receives from central government and other funding bodies.

COMMUNITY INFORMATION

Regular audits

We will carry out the annual review of key *Service Financial Management Arrangements* to confirm that recommendations made previously have been implemented as agreed, and that controls continue to operate effectively.

We will carry out a series of reviews looking at Departmental local *Novell Networks*, using audit software to establish both the extent to which network administration is being pro-actively managed, and the current level of security with regard to permissions and passwords.

Our review of the arrangements for the *Acquisition, Control and Disposal of PCs* will include the licensing of software, the level to which data is erased from personal computers which are disposed of, and the method used for agreeing and loading the standard HCC image onto PCs.

With full or partial *Internet* access now available to a vast number of HCC staff and the County's *Intranet* a valuable resource for the dissemination and exchange of information, our audit of these areas will include a review of the methods for controlling access, and the publication of information.

We will continue our programme of *Mainframe-related* audits, including the arrangements for controlling the processing and back up of data.

Our Contract Audit work will concentrate on the method for monitoring of the *Library Book contract* let by the Central Buying Consortium (CBC).

We will continue our rolling programme of audits of the financial procedures within each of the ten *Library Districts*. In this year we will cover the Borehamwood and Stevenage Districts.

Of the other Community Information cost centres and units, we will audit the *Hertfordshire Archives and Local Studies*.

Developments and audit issues

With the *New Finance System* due to move through key stages in 2002/03, we will continue to monitor and input to the project with particular interest in security and access controls, integration with feeder systems, and the completeness and integrity of the data it holds.

We will review the *NETBANX* method for receiving income for services via the County's website.

We will monitor and input to the arrangements regarding the IT implications of the *Managed Financial Services and Facilities Management Contracts*, which are due for review prior to 30 June 2002.

CORPORATE SERVICES

The Department's overall *financial management arrangements* will continue to be subjected to annual audit, consolidated to take account of issues arising through other audits.

Our plans for the individual sections and functions of Corporate Services are set out below.

BEST VALUE

The approach that we intend to take in 2002/03 means that we will:

- advise on strategic issues and the corporate review process
- ensure controls are adequate to secure compliance with statutory guidance, and that the corporate framework is being followed
- advise on further development of the Best Value Review (BVR) process.
- contribute challenge, by negotiation, to BVRs
- participate in BVRs in the 3 core areas (Finance, IT, and Management)
- check for proper implementation of Year 1 BVRs' recommendations and Action Plans
- Review systems for performance indicator (PI) production to ensure robustness, validate PIs, and review reliability of targets and benchmarking.

Integrating internal audit work with best value

The timing of BVRs and likely outcomes are taken into account in our risk-based audit planning, in terms of its effect on the internal control environment. In addition, we ensure the timing of our systems audit work complements and feeds into BVRs, providing assurance on the adequacy of internal controls and business processes.

Planned best value review audit work

There are seven BVRs planned for the year 2002/03. Three cover core areas, including one large-scale review of “**Management of the Authority**”, which will focus on working practices and behaviours and will take the whole of the first half of the year. Internal Audit has set aside time to input to this. In the second half of the year there is a core BVR planned of “**Financial Systems and Services**”, to which we will provide significant input. Computer audit will contribute if appropriate, when the scope is known, to the “**Access and Information**” BVR.

Relevant audit groups have allowed time for each of the remaining four BVR’s to which they may contribute to the “challenge” aspect specifically, by negotiation with the lead officer. Where audit input is agreed we will focus upon the challenge workshop, including a focus on hypotheses and on the recommendations. These BVRs are:

- Fire Service Training
- Services for Older People
- Planning and Transport Policy
- Inclusion and Vulnerable Children

Follow-up of Year 1 Reviews

We will check to ensure that the recommendations from the 2000/01 BVRs are being or have been properly implemented, namely:

- Coroners Service
- Transport Operations
- Procurement and contract management
- Information and Communications Technology
- Fire service Communications and Control.

Best Value Performance Indicators

As the Best Value Performance Plan will be published in March 2002, and the following year’s in June 2003, there will be no audit involvement in 2002/03 in the development of the local performance plan. We will again review the systems for Performance Indicator production to ensure robustness, validate PI’s, and review reliability of targets and benchmarking.

Corporate and Social Services Group will:

- research, disseminate and help interpret PI definitions
- co-ordinate HCC response to consultation on new PIs
- review information systems supporting PI production
- co-ordinate data collection and validate results

- advise the District Auditor on potential problem PIs
- participate in inter-authority comparisons and liaise with Corporate Communications.

CORPORATE FINANCE

Regular audits

We continue to undertake regularity and compliance audits to achieve maximum reliance on our work by the District Auditor. Our own risk assessment has been influenced by the significant staff changes within ITnet management. We undertake compliance testing of the core financial systems to ensure probity and check key controls to minimise the risk of fraud.

For the ***Core Financial Systems*** as currently operated, we will carry out our annual reviews of both the IT and general financial control elements of Payroll, the General Ledger, Accounts Payable & Accounts Receivable Systems. We will focus our detailed checking on specific identified areas in order to ensure that controls minimise the scope for errors. In particular, we will test ITnet's systems for Payroll, following up our previous work on payroll control accounts; Accounts Receivable, focusing on the adequacy of debt collection processes; Accounts Payable - Foster Parent payments; Debtors Home Care; Authorised Signatories and Cash Processing.

Our cyclical review of ***BACS Bureau Transactions*** is timely given the recent changes to one stage of the processing, and the increasing value and volume of payments made using this method.

We have strengthened the audit team to undertake targeted ***anti-fraud work***, including data-matching under the aegis of the Audit Commission, and the use of other computer-aided audit techniques.

A number of other annual and cyclical reviews will also be undertaken to ensure adequate control systems exist and are adhered to.

Developments and audit issues

With the ***New Financial System*** due to move through key stages in 2002/03, we will continue to monitor and input to the project, with particular interest in security and access controls, integration with feeder systems, and the completeness and integrity of the data it holds.

We will monitor and input to the contract and IT implications of the ***Managed Financial Services and Facilities Management Contracts***, which are subject to review in June 2003.

We will also provide input to the ***Best Value review of financial services***.

We will provide continued input into HCC's developments with regard to ***E-Commerce***.

We will carry out an exercise to identify realistic targets for the ***speed with which creditors are paid*** and to isolate any problem areas.

We will undertake an audit of one of our ***Pension Fund Managers, Capital International***, as the lead authority for those Counties with funds invested with this manager.

A number of other reviews of developing areas will be undertaken.

COUNTY SECRETARY'S

Regular audits

We will carry out the following system reviews:

- **Land charges** (deferred from 2001/02)
- **Registration Services.**

A short follow-up of the review of the **Coroners Service** completed in 2001/02 will also be carried out.

We will also carry out a security review of the **County Secretary's Network**, which will cover user access, backups and disaster recovery.

COUNTY SUPPLIES & CONTRACT SERVICES

Regular audits

The annual high level review of overall ***financial control within CSCS*** is again scheduled.

Computer Audit will carry out a security review of the ***CSCS Novell Network***, which will include user access, backups and disaster recovery.

We will review the monitoring and management the ***Cleaning Contract***.

The ***PC Disposal*** contract audit will be followed up.

Developments and audit issues

The cyclical audit of the relocated ***Impressions*** will be done.

We will review the reletting of the **PC Support contract**, which we will follow with an audit of the new monitoring and payment arrangements.

As the **CSCS Internet Catalogue** will be going fully live in the first quarter of the financial year, we will review the outcome of the pilot scheme and feed into the final pre-implementation exercise.

Our review of the latest version of the system used for the **Shire Catering Administration of Meals (SCAM2)** will include access controls and the integrity of the information produced for charging schools. Any other developments arising from the introduction of the SCAM2 system and changes in payment for food will also be included in follow up of last year's audit work on **Catering**.

The operation of the **Provisioning** system will be reviewed.

Home Ability systems and **County Hall Catering** tendering will also be audited.

PEOPLE & PROPERTY

Personnel

Regular audits

The **employment assistance contract** monitoring and payment arrangements audit will be followed up.

C&SS group will carry out short systems reviews of **appointment procedures, corporate safety and risk management financial procedures, and tax aspects of telephone charges/recharges, particularly mobile phones.**

Developments and audit issues

We will follow up our post-implementation audit of the **Recruitment Centre contract**, with a view to ensuring that the outcomes of the first year contract assessment are properly actioned. The second year of client monitoring will also be reviewed.

Computer Audit will continue to input to, and monitor, the project for the acquisition of a new **Corporate Human Resources System.**

Hertfordshire Property

Regular audits

Corporate Estate

We will audit revenue budget arrangements for **Corporately Managed Property**.

The **Rents** and **Rates** system audits will cover all aspects of payment checking.

Support Services

We will continue our involvement in the development of **ISO 14001** quality assurance arrangements.

Projects and Facilities

We will review operation of controls and the validity of information concerning **Capital Payment and Budgetary Control**.

We will continue attendance where appropriate at the monthly meetings with APS in respect of **Property Services Contract Client monitoring**.

Developments and audit issues

Corporate Estate

We will audit project management of **Contemporaneous contracts** (where capital receipts are required to fund new assets) for new builds and land sales.

Systems to operate and develop the **Corporate Asset Management Plan (CAMP)** will be reviewed.

We will audit **Strategic Management of Property** concentrating on County Hall re-organisation.

Computer Audit will carry out a post implementation review of the **Corporate Property Database** which should be fully established by the middle of 2002 / 03, and continue to monitor arrangements for the development of a computerised **Terrier**.

Projects and Facilities

The context within which we will be auditing in this area will be the preparation for and the tendering of the **Professional Property Services Contract** including, if appropriate, actions

for disengaging from existing arrangements and orderly wind down and handover. Time has been set aside for involvement on a consultancy basis in the development and tendering of the new Property Services contract. In addition, Computer Audit will monitor and input to the arrangements regarding the IT implications of this, in particular the **transfer of property related software and data back to HCC**.

We will involve ourselves in the development and operation of the new **project management** arrangements and the client advisor role on a consultancy basis. We will contribute to the developing arrangements for **strategic contracting** and carry out a specific audit of **Measured Term Contracts**. We will audit project management of **Minor Works**. We will also audit **capital** project management in schools where the major source of funds is lottery money.

We will input to and review the new **Facilities Management arrangements**, particularly financial management.

We plan to input on a consultancy basis to developments in **security** services for property.

Safety Emergency and Risk Management

We will work to integrate risk management with audit risk analysis, attending the **SERM** board when appropriate.

ENVIRONMENT

Regular audits

We will undertake the annual **high level financial review** of the Environment Department's arrangements.

We will carry out a security review of the **Environment Novell Network**, which will cover user access, backups and disaster recovery.

Transport Management

Stevenage and Dacorum Agencies and **StAlbans** partnership will be audited as part of our ongoing programme.

Developments and audit issues

We will continue to involve ourselves in the short listing, tendering and evaluation of the **next generation highways services** procurement process. We will also contribute to the

development of the **Strategic Alliance** for Highways Services and implementation of **the Consultancy and Works contracts** from the outset.

Depending on progress with agreeing a financial cap for the **Baldock Bypass** project, and the exact means of procurement, we will provide audit input as the project develops.

Time has been made available for involvement on a consultancy basis, if required, on **detrunking** issues.

The budget management of expenditure on **Safety Engineering** will be audited, including that for accident remedial works.

We will continue to monitor expenditure incurred under Section 106 agreements applying to the **Hatfield Aerodrome site**.

EXTERNAL CLIENTS

Coverage of our largest external client, the **Hertfordshire Police Authority**, is set out in a separate plan agreed by the Authority (via its Audit Panel), following consultation with its Treasurer, the Chief Constable and his senior managers.

We have agreed with the **Magistrates Courts Committee** a strategy for the audit of the service, and have agreed with the relevant officers a detailed Audit Plan.

Beyond this, we continue to provide audit services to a number of **charities and voluntary organisations** in the County which have links with the County Council.

FIRE AND RESCUE

Regular audits

We will carry out the annual review of key **Service Financial Management Arrangements** to confirm that recommendations made previously have been implemented as agreed, and that controls continue to operate effectively.

Our computer audit coverage of the **Fire & Rescue Command & Control System** will include a review of the controls over physical and logical access to the system, as well as integrity of the data within the system, and the accuracy of management information produced. The disaster recovery / business continuity arrangements will also be reviewed.

An audit of the procedures for paying **retained personnel** will be carried out to examine Service controls over payroll input and the monitoring of payroll output. Our main focus will be the scope to streamline the process for producing and submitting payroll input.

Developments and audit issues

We will work closely with the Service on a consultancy basis to ensure best practice in the arrangements for the specification and tendering of the **radio replacement contract**.

We will contribute to both the implementation of the **Procurement Best Value Review**, and the conduct of the **Best Value Review of Training** to the extent that our input is expected to be beneficial.

The Service's monitoring procedures for the operation of the second phase of the **Personal Protective Clothing contract** will be audited.