

**Hertfordshire County Council**

**INTERNAL AUDIT  
PLAN**

**2003/04**

***Chris Kay  
Internal Audit  
March 2003***



**INVESTOR IN PEOPLE**

**Hertfordshire County Council**

**INTERNAL AUDIT  
PLAN**

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## **INTRODUCTION**

This Plan sets out Internal Audit's projected work for 2003/04. It is aimed at:

- the Audit Committee
- Chief Officers
- other senior officers and managers throughout HCC
- the Audit Commission
- 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
- **developments 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 8 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**  
**March 2003**

## **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*
- **Audit Commission**                      *close co-ordination of our plans with those of the external auditor (the Audit Commission's local audit team), and incorporation of their priorities and recommendations*
- **Finance Board**                      *incorporation of issues identified by the Finance Board*
- **Chief Officers**                      *presentations to each Chief Officer 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 for their endorsement, and incorporation of their concerns.*

## **KEY ELEMENTS**

The Government's Comprehensive Performance Assessment has assessed the County Council as an "excellent" authority, and included within that assessment was a maximum score for the Internal Audit service. This provides us with welcome endorsement of the quality and coverage of our work, and of the approach and methods that we apply as auditors. We are aware that any "lighter touch" to be applied to Hertfordshire by the Audit Commission's audit and inspection regime will continue to involve reliance by external auditors on our risk-based coverage of the authority's financial arrangements.

We are also conscious of the pressure on auditors from Government and from professional bodies, partly in the wake of international financial scandals, to maintain a strong and independent oversight of financial and corporate governance arrangements. The new Accounts and Audit Regulations will require the authority to annually review its internal control systems, and make a statement on the adequacy of internal control. This in turn means assurances from ourselves to the Finance Director, and the identification of any significant weaknesses in the system of internal financial control, together with the actions undertaken or planned to address these.

While this should not require a change of audit approach on our part, it does reinforce the reliance placed on our core financial systems work.

We will also continue to work, with other officers, towards the aims identified in the "Simply Done" Best Value review of the authority's management. This will include further development of our risk-based approach within each audit, so that we balance the need for effective financial controls with the elimination of unnecessary bureaucracy.

### **Current financial systems**

We will audit each of the core financial systems, focussing particularly on the highest risk control areas. In addition, we will review a range of supporting corporate systems, as part of our cyclical coverage of these. Our audits of departmental systems will likewise focus on those financial systems which we have agreed with Chief Officers are key to their services.

We will undertake our annual audits of each department's overall financial management arrangements, covering key control areas such as:

- schemes of delegation
- financial documentation and training
- management information sufficient for the effective control of resources
- processes for the timely, realistic and appropriate setting of budgets
- effective budget monitoring
- project management.

We have reassessed the scope and frequency of school and other establishment audits, and will continue to maintain a risk-based programme of visits.

### **Anti-fraud and corruption work**

Each of our core financial systems audits will include testing of the controls aimed at preventing fraud. In addition, we will apply a range of computer-aided audit techniques in order to identify any irregular transactions. We will follow up the results of payroll and pensions data-matching under the aegis of the Audit Commission. We will continue, with the Monitoring Officer and Personnel staff, to help publicise the Whistleblowing procedure, and will act to investigate any financial matters that are brought to our attention through this or other means.

### **Contracts and partnerships**

A range of recently awarded contracts provide for new and ground-breaking ways of providing works and services. The focus for a significant part of our contract audit team will be the bedding in and further development of practical working controls and relationships between the authority and contractors or partners. These contracts and arrangements include:

- Highways services
- Property services
- Adult Care, including partnership with Health
- Recruitment.

The issues addressed will include the development of effective performance measurement, good management information and the streamlining of processes, making effective use of information technology and avoiding duplication. These issues are particularly important where strategic contracting has been introduced and new style contracts or partnership arrangements are in use. Working protocols will need to be developed, particularly in the developing partnerships with the NHS, and these will include the establishment of audit arrangements for pooled budgets.

As well as the recently introduced innovative contracts and partnerships, there are a number of ongoing projects where novel contracts will be let and new relationships established. We will contribute to their proper evaluation and tendering, and to the partnership agreements themselves. The most significant of these is the SHARP project for new financial, human resources and payroll systems.

Other major developments will include the re-letting of the National Grid for Learning contract, and the Design and Build contract for the Baldock bypass.

## **Information and Communications Technology**

In addition to our reviews of a number of Corporate and local ICT systems, we will provide computer audit input to the SHARP project mentioned above. We will continue our work looking at the development of the CSF&A Oracle system (the database serving the CSF and ACS departments), and will review control aspects of the PC support contract with ITnet, including inventory management and the County's application portfolio. We will also examine the ICT-related aspects of the new property services contracts, and the extent to which functions have been successfully centralised within the Community Information department's ICT Infrastructure division.

## **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 the Audit Commission's external audit team
- audits of external clients ranging from the Police Authority to Connexions.

## **GLOSSARY**

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

<b>Access control</b>	<i>A procedure designed to prevent or detect unauthorised access, or amendments, to computer-held data and/or programs</i>
<b>Application review</b>	<i>Audit of a computer system which exists to directly support a user activity</i>
<b>Best Value (BV)</b>	<i>A framework required by legislation, designed to secure continuous improvement through an annual BV Performance Plan</i>
<b>Compliance test/audit</b>	<i>An audit check of a small number of transactions or records, to test whether controls are operating as intended by management</i>
<b>Computer-aided audit techniques</b>	<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>
<b>Contract audit</b>	<i>An audit methodology for the examination of all types of contract, covering the whole process from initial planning to post-completion assessment</i>
<b>Core financial system</b>	<i>A computerised or other process fundamental to the operation of the authority's financial affairs</i>
<b>Corruption</b>	<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>
<b>Data matching</b>	<i>Comparison using computer techniques of different sets of information, from within the Council or from other bodies, designed to detect possible fraud</i>
<b>E-commerce</b>	<i>Electronic processing and authorisation of a wide range of transactions previously carried out manually, including involvement of the Internet</i>

<b>Fraud</b>	<i>The intentional distortion of financial records, carried out to conceal the misappropriation of assets or otherwise for gain</i>
<b>Information and Communications Technology (ICT)</b>	<i>A term covering all computer, telephone, network and related technology</i>
<b>Internal control</b>	<i>A procedure which ensures that management objectives are properly and efficiently carried out</i>
<b>Irregularity</b>	<i>An improper or erroneous use of the Council's resources</i>
<b>Key controls</b>	<i>Those processes most likely to prevent or detect material errors or other irregularities</i>
<b>Regularity audit</b>	<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>
<b>Risk assessment</b>	<i>A systematic process, preceding or following detailed audit, to assess the probability of material error, loss or irregularity in an activity</i>
<b>Service Level Agreement (SLA)</b>	<i>A detailed schedule agreed between two parties to a contract or other formal arrangement, setting out the nature and terms of services provided by one to the other</i>
<b>Systems audit</b>	<i>An audit approach involving the documentation, evaluation and testing of controls within a financial process</i>

## Work in Departments

### ADULT CARE SERVICES

#### *Regular audits*

We will continue to support the department in its financial management arrangements, and its contract and financial rules. Towards the end of the year, we will again evaluate the adequacy of overall **financial management arrangements** within the department, and will maintain close involvement in systems development.

We will continue to conduct **regularity reviews** i.e. the cyclical testing of an establishment in order to provide an opinion on the financial arrangements, at the following **in-house units and Area teams**:

#### Elderly

- Area EPD (Elderly & Physical Disability) Teams paying attention to payments in respect of Supporting People

#### Adults

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

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

- Quantum Care/Runwood/Nursing block contracts - income and expenditure monitoring
- Asylum seekers payments
- Community Care Direct Payments
- Adult Care Services (ACS) pay including agency payments
- ACS authorisation procedures
- ACS strategic centre financial procedures

We will make time available to review the **Repairs and Maintenance and DDA** (Disability Discrimination Act) remedial works associated with ACS properties, in light of the new county-wide property contract.

**Developments and audit issues**

We will continue to make time available on a consultancy basis for the **Partnership** arrangements with the Health Sector. In particular, we will continue to develop the joint audit arrangements with Health, and will contribute to the finalisation of controls for managing **Pooled Budgets**. New legislation is expected to come into effect during 2003/04 (unless it is delayed), allowing the Health Authority to fine HCC for each person that has a **Delayed Discharge** from a hospital bed whilst awaiting residential care. HCC is trying to arrange pooled budgets in order that available funds are spent on funding extra care, rather than fines. We will audit this process, assuming that it goes ahead. We will also review other aspects of the various Pooled Budgets, including a follow-up of last year's work on **Free Nursing Care**. We will continue our involvement with the project to replace **Western House**.

We will review the ICT security arrangements relating to **HCC / Herts Partnership Trust cross-network access**, including the application of HCC security standards. We will also carry out standard application reviews of both SSIS and FILIS computer systems, including the migration of data into the **ORACLE system**.

We will continue our involvement in the implementation of the **Supporting People Grant**, and computer audit will review the **Supporting People Database**, paying particular attention to access security and integrity of the data. We intend to make time available to review the contractual arrangements for a number of complicated property projects with Partner organisations, including property developments by **Runwood Homes** and **Quantum Care** and the re-provision of **Berkhamsted Day Centre and Offices**. We will also audit the current tranche of **Learning Disability Hostels** re-provision and, if appropriate, **Community Hospitals**. We will review the contractual arrangements around block purchasing of EMF (Elderly Mentally Frail) places from the **Beds & Luton Trust** in Stevenage.

We will revisit the **Leonard Cheshire Homecare** contract, as it is important that HCC knows the exact cost of providing this service. In conjunction, we will also examine the systems of **electronic monitoring** of all **homecare** provision, in order to provide assurance that it is a reliable system that will produce correct invoices.

We will cover the new **Integrated Equipment Service**, which will be run by Home Ability, by a follow-up review of the current Home Ability audit in CSCS.

## **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	Auditor days per average establishment
<b>Schools</b>				
Nursery	40	5	10	2
Primary	40	124	364	2.75
Middle	40	2	6	3
Special	40	11	41	3
Secondary	27	32	214	6.5
Education Support Centres	40	3	6	2
Secondary schools assessed as above average risk	15	8	54	6.5
Secondary schools assessed as high risk	6 - 12	2	13	6.5
Other schools assessed as above average risk	18	7	20	2.75 - 3
Other schools assessed as high risk	6 - 12	1	3	3
<b>Sub total</b>		<b>195</b>	<b>731</b>	
<b>Other establishments</b>				
Community Homes	12	8	24	3
Hostels for Children with Learning Disabilities	12	2	6	3
<b>Sub total</b>		<b>10</b>	<b>30</b>	
<b>TOTAL</b>		<b>205</b>	<b>761</b>	

We have found it necessary to increase the time we allocate to the average Primary school audit by a quarter of a day, and the average Secondary by half a day. Allocations have remained unchanged since 1994, yet since that time the diversity of issues encountered in school audits has grown, and the scope of our audits has been extended to encompass new developments and to examine some aspects of schools' financial administration in more depth. For example, an increasing number

of schools are receiving external funding, such as lottery funding, for various schemes and activities (e.g. After School Clubs, sports facilities, etc) where the accountability for these funds is not always clear. The new Community Facilities powers, while expected to have a modest impact in the short term, represent another development that, potentially, will extend the scope of our audit in some schools.

As well as increasing our allocations, we have also agreed with the Director of CSF that we will seek to 'refocus' our school audits, to ensure that they address the key aspects of school's financial management, in order to use our resources to best effect.

The increased allocation to each school audit will result in a modest extension of the interval between audits. We now expect to visit the average Nursery, Primary, Special or Middle school every 40 months (an increase of 4 on the previous target of 36 months). The target interval for visits to the average Secondary school is now 27 months (an increase of 3 on the previous 24 months). We consider that these extended intervals are consistent with the risks presented by the overwhelming majority of schools.

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, and (exceptionally) where a **change of Head occurs**, if we assess that the risks attached to the particular school and the interval since its last audit warrant this.

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.

We will continue to require schools to submit summary details of any **private accounts** at the end of the current financial year, or confirmation that these have been independently audited, in order to derive an assurance that these accounts are being properly kept.

### **School related audits**

Computer Audit will carry out standard application reviews of the **Key Solutions** and **FMS6** finance systems used within schools, and the systems for **School Admissions** and **Special Educational Needs**. We will also oversee the annual transfer of the **School Budget Share Allocations** and review the use of the **BISCUIT** recharging system for non-payroll items.

2002/033 marks the first year of **schools' completion of the Annual Accounting Return**, in accordance with the DfES Consistent Financial Reporting regime. Coupled with a drive to bring forward the closure of the County Council's accounts

as a whole, this will require a revised approach to the checking and processing of these returns by colleagues in the SFU. As in previous years, we will set aside time to assist our colleagues in the SFU to resolve any problems that may arise with some schools' returns.

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 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. Currently, no further schools have notified the School Funding Unit of their intention to leave the ITnet contract in 2003/04: indeed, we understand that at least two intend to move to the ITnet arrangement.

### **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 audits of the following systems, procedures, units, etc within the CSF department (or which are funded by it):

- a sample of **providers of nursery education** in the private, voluntary and independent sectors
- spending on the provision of '**Out County**' **placements** for children with special education or social care needs that cannot be met from in-house services
- **Endowments** administered by the CSF department
- **mainstream home-to-school** and **special education needs transport**
- financial controls within the **Student Standards and Curriculum Division**
- the provision of **hospital and home education**
- budgetary controls and expenditure controls over a range of **budgets within the Development Division and the CSF Directorate**.

We will **follow up our 2002/03 audits of the Quadrants**, to allow us to assess the extent to which systems, procedures and controls have improved following our previous audits, and to examine more fully those areas which received only cursory attention due to time constraints.

#### ***Developments and audit issues***

We will monitor and contribute to the controls over the delivery of professional property services under the **new property contracts** for Design and Projects (MACE), Property Care (Mouchel) and Estates (Lambert, Smith, Hampton). We will work with the Senior Planning Manager (Property) and the focus will include financial probity and control of expenditure, work-in-progress arrangements, and other developments.

We will examine the monitoring of the delivery, under the **Homestart contracts** with a number of charities, of support to families in need, with children under five years of age who face disadvantage.

In advance of the re-tendering of the **National Grid for Learning contract**, we will review the contract monitoring, operation and delivery to date with a view to contributing to the arrangements that will be required after the contract has been re-let.

We will audit the financial arrangements under the Shire Catering service level agreements with CSF for monitoring **school meals and corresponding income**.

We will also carry out an audit of **schools' contracting arrangements**, to assess their compliance with the County Council's Contract Regulations (as these apply to schools), and their adoption of the Best Value guidance, in respect of significant contracts (such as for catering, cleaning, grounds maintenance, payroll, banking, etc.). Where schools are party to corporate contracts for the provision of payroll, banking, catering etc., these will not be covered, since they are the subject of other audits.

We will carry out an operational and contract audit of the basis of operation and contracting arrangements in **Education Workshops** and **Herts Media**.

Computer audit will monitor and review the development of initiatives involving the **electronic exchange of data**, including timesheet and other payroll data. Our focus on the **ORACLE** system will be on the implementation and operation of functional components, where the system has replaced previous applications and introduced new ones.

We understand that any roll-out of the pilot study into a new **Schools Audit and Accountability Framework** drawn up by the DfES, which took place during 2002/03, is not expected before 2004/05 at the earliest, if at all. We will continue to

assess the implications for both schools and the LEA should the introduction of the Framework be likely in its existing or any modified form. Similarly, we will aim to keep abreast of developments in the possible **classification of schools' private accounts as charity accounts**, with the resultant implications for current audit and reporting requirements.

## **COMMUNITY INFORMATION**

### *Regular audits*

We will carry out the annual review of the 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 undertake a number of computer audits, looking at control issues within areas covered by the PC support contract with ITnet. These include **Inventory Management** and the County's **Application Portfolio**, as well as the arrangements for effective **Change Control** within both systems and infrastructure. We will also review the extent to which centralised functions within **ICT Organisation and Infrastructure** have been achieved.

With the operational life of the mainframe drawing to a close, we will audit the following **Mainframe Related Areas**: reporting tools, security software and the MVS operating system. We will carry out standard application reviews of the **CPX (Pensions) System** and the **Concerto Book Acquisitions Module**.

The arrangements relating to the **Website Hosting** facility provided to non-HCC parties will be reviewed, as will the **County Intranet**.

Beyond this, we will also audit:

- CI service **Payroll Procedures** controlling the feed of payroll instructions to ITnet, and the use made of the monitoring reports and other payroll output data available to the service
- the financial administration within two of the ten **Library Districts**, as part of our rolling programme covering these.

### *Developments and audit issues*

We will carry out an audit of the new client arrangements and monitoring of the contract for **Facilities Management and Mainframe services**, with the emphasis on SLA's, Key Performance Indicators and targets.

We will review, from both an ICT and contract viewpoint, the partnership arrangements for **Local Government on Line**, involving shared portals with the NHS, Police and other organisations.

The infrastructure contracts facilitating the **People's Network for Lifelong Learning** will be audited.

Beyond this, we will also carry out reviews of the following new application / initiatives;

- **Criminal Records Bureau** - monitoring the Authority's applications to the CRB.
- **Landesk**
- **Server Farm.**

## **CORPORATE SERVICES**

### *Regular audits*

The Department's overall **financial management arrangements** will continue to be subjected to annual audit. We will seek to identify any specific issues, such as inadequate management information, which may be relevant for inclusion within the SHARP (Simplifying Hertfordshire's Accounting and Resource Processes) project.

We will continue to provide quality assurance on the robustness and accuracy of the Best Value Performance Indicators, and the completeness of those included in the Best Value Performance Plan.

### *Developments and audit issues*

As the council has been rated as "excellent" in its CPA assessment, formal Internal Audit involvement with **Best Value** will be limited to making time available for the relevant audit groups to contribute as appropriate to BV reviews that are carried out in their areas. A substantial audit involvement in the contractual, ICT and other aspects of the SHARP project has been committed under Corporate Finance.

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

## **CORPORATE FINANCE**

### ***Regular audits***

We will continue to undertake regularity and compliance audits to achieve maximum reliance on our work by the Audit Commission's Auditors.

Our risk assessment of the main financial systems has been influenced by the significant staff changes arising from the secondments to the SHARP project, and changes within the ITnet contract management team. We will continue to undertake compliance testing of the **core financial systems**, as part of our annual reviews to ensure probity and check key controls to minimise the risk of fraud or error.

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, Pensions, 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 controls, especially within HCC's departments, to avoid duplicate creditor and payroll payments, following up our previous work.

We will continue to undertake targeted **anti-fraud work**, including following up on the results from the payroll and pensions data-matching under the aegis of the Audit Commission, and the use of other computer-aided audit techniques.

Computer Audit will carry out standard application reviews of the **CPX (Pensions) System** and the **Shareholder II** application.

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***

Time has been provided in the plan for reviewing the delivery and implementation of the contracts within the **SHARP** project for replacement financial and resource systems. With **SHARP Finance** due to move through key stages in 2003/04, we will continue to monitor and input to the project, with particular interest in security and access controls, integration with feeder systems, the completeness and integrity of the data the system will hold, and management information capabilities.

We will continue to provide computer audit input to the **SHARP – Human Resources & Payroll** project.

We will also carry out a review of the new initiative of payments by the public to the Authority using **Direct Debit**.

The Society of County Treasurers audit the controls of the ten most used **Pension Fund Managers**. We will continue to be the lead authority for those Counties with funds invested with **Capital International**, and will undertake a check that no significant changes have occurred in their systems.

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

### **COUNTY SECRETARY**

#### ***Regular audits***

We will carry out routine systems reviews of the **Coroners Service** and of **Members' Allowances**.

We will continue to contribute audit issues to meetings of the **Contract Law group**.

### **COUNTY SUPPLIES & CONTRACT SERVICES**

#### ***Regular audits***

#### **Support Services**

There will be regularity audits carried out on a cyclical basis of the **Post Room**, with particular reference to use of the courier and SLA's, and of **Facilities Management** financial probity.

#### **Head of CSCS**

There will be the usual audit carried out on an annual basis of CSCS's overall **Financial Management Arrangements**.

We will review the **Shire Catering** financial system.

#### ***Developments and audit issues***

#### **Support Services**

Computer Audit will carry out a standard application review of the **Local Finance System** operated within Impressions.

The operation of **Impressions** will be audited on a comparison basis, to establish the effectiveness of the improvements in performance anticipated as a result of the PACMAN review. This will be accompanied by an audit of the new **Network printing** arrangements, concentrating upon charging and security issues.

We will review the operation of the **Energy Management** STARK system, which moves to CSCS from the end of the APS (Amey) contract for Property Services.

### **Purchasing and Supply**

We will keep a watching brief on the re-letting of the **vehicle maintenance contract**, attend the steering group, and advise as appropriate.

As the **Homeability** service is likely to integrate with the NHS in 2003/04, we intend to audit the integrated service once it has bedded in. Important issues will be logistics, priorities and partnership arrangements.

The **schools catering** SLA's and their management will be audited.

The arrangements for provision of **leased PC's**, including the Dell leasing contract, will be audited. This will be carried out by liaising with the lead authority in the Central Buying Consortium (CBC), with ITNet, and with the CSCS ICT team at County Hall.

The **purchasing** audit will concentrate upon an area of high spend (e.g. toilet rolls and paper towels) within CSCS where HCC is the lead authority for CBC. As well as compliance with contract regulations and proper procedures, we will consider environmental, supplier and quality maintenance issues.

We will continue to keep abreast of CSCS developments in **e-commerce**, and contribute advice and comment as required.

We will identify, log and consider the effectiveness of buying in relation to the provision of the printed **CSCS catalogue** and the use of sponsorship.

We will identify and evaluate controls over the **mobile phone contracts**.

A standard contract monitoring audit will be done of the **Wheathampstead catering** arrangements.

### **Head of CSCS**

We will audit the systems for generating and implementing the **vehicle replacement programme**. Computer Audit will carry out a standard application review of the **CSCS Fleet Management System**. Beyond this we will input to a number of new ICT developments within CSCS. We will keep a watching brief on the implementation of the **VISION** project.

## PEOPLE AND PROPERTY

### Hertfordshire Property

#### *Developments and audit issues*

#### Strategy and Asset Management

The issues arising from the ongoing development of the council's corporate asset management strategy will again be the underlying background against which the audits below will be carried out.

#### Corporate Estates

We will review the client controls over, and on-going operation of, the new contract with Lambert Smith Hampton for **Estates and Valuation** work.

#### Commissioning and Facilities

We will audit the management of the new contracts with **MACE for Design and Projects** and with **Mouchel for Property Care**, including the framework agreements for **strategic contracting**. We will also, if necessary, work with the contractors and consultants on ensuring that their **property trading systems** dovetail accurately and smoothly with those of Herts Property. We will also carry out reviews of the IT-related aspects of the new **Property Services Contracts**.

The newly established in-house **Facilities Management** processes will be reviewed, as will use and operation of the in-house **Select List**.

Further work will be done on enhancement of the **Contract Register** in Herts Property.

#### Business Support

We will continue to provide computer audit input to the development of a new **Corporate Property Database** and will review usage and accuracy of the database.

We will again contribute to the development of the **ISO 14001** system for central services.

## County Personnel

### *Developments and audit issues*

Audit work already commenced of the operation of the **Recruitment Centre Contract** will continue, including the management fee and controls over the candidate database. We will also help develop protocols for the operation of the partnership.

The arrangements for the **Starter Homes Initiative** with Aldwycke Housing Association and other partners will be audited.

The new arrangements with Frizzell for the provision of **Financial Advice** will be subjected to a brief review.

We will continue to provide both contract and computer audit input to the **SHARP – Human Resources & Payroll** project.

We will carry out a review of the in-house written system for monitoring the Authority's applications to the **Criminal Records Bureau**.

## Safety Emergency and Risk Management Unit

We will again contribute an audit perspective to meetings of the **SERM Board**.

## ENVIRONMENT

### *Regular audits*

The usual review of overall **financial management arrangements** in the Environment Department will be carried out.

Computer Audit will carry out standard application reviews of both **HERMIS** and the **Confirm - Streetworks** applications.

### *Developments and audit issues*

The major area of audit activity in the coming year will be focused upon understanding and improving controls during the bedding in of the new **Hertfordshire Highways** strategic alliance, for delivery of the Local Transport Plan and the Highways Asset Management Plan. Areas for attention will include the **Strategic Office**, and the **Northern (Stevenage)** and **Eastern and Lee Valley (Hertford) Area offices**. The audit of the operation and monitoring of the **Works**

**contract** with Amey-Lafarge including **Street Lighting**, and the **Consultancy Contract** with Mouchel, will be central to gaining assurance that there is proper control of the new arrangements.

We will review and contribute to the tendering, evaluation and award of the Design and Build contract for the **Baldock By-Pass**.

We will again continue to monitor expenditure incurred under section 106 agreements applying to the **Hatfield Aerodrome site**, and to make time available on a consultancy basis for **Detrunking** issues if required.

A short audit of the working and financial controls in the **Safety Camera Unit** will be carried out.

We will carry out computer audit reviews of **HAPS** (the application developed for transport co-ordination) and the adoption of **ARC** (a geographical information system developed by the Ordnance Survey).

## **EXTERNAL CLIENTS AND VOLUNTARY BODIES**

### ***Regular audits***

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

We are agreeing a detailed Audit Plan with the **Magistrates Courts Service**.

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.

### ***Developments and audit issues***

For the first time, we will provide an audit of **Connexions**, the consortium (of which HCC is a member) for the provision to young Hertfordshire people of access to information, advice, guidance and support.

## **FIRE & RESCUE SERVICE**

The timing, and possibly the scope, of audits included in this year's Plan will need to take into account the fire-fighters' dispute, and any repercussions or developments in the wake of this.

### **Regular audits**

We will carry out the annual review of key **Financial Management Arrangements**, to confirm that recommendations made previously have been implemented as agreed, and that controls continue to operate effectively. We will extend the scope of this audit to examine expenditure/payment controls in order to 'balance out' the emphasis on pay and income controls in recent audits and those planned this year.

Our computer audit coverage of the **Command & Control system** will include a review of the controls over physical and logical access to the system, as well as the integrity of the data within the system, and the accuracy of management information produced. The disaster recovery / business continuity arrangement will also be reviewed. This audit was deferred from 2002/03 due to the fire-fighters' dispute.

We will examine the operation of the **Training Department**, i.e. both the internal training operation and the Commercial Training Unit.

Our regular reviews of the operation of systems and controls over **capital and repairs & maintenance** work in Fire and Rescue will be carried out.

We will examine the Service's procedures for collecting **income due for chargeable services**. In turn, this will involve assessing the procedures for identifying those services for which a charge should be made.

### **Developments and audit issues**

We will carry out an audit of the contractual arrangements for the **testing of fire extinguishers to BSI standards**, and the **Integrated Command & Control System** contract for the upgrade of radio equipment.

The operation of the Central Buying Consortium **contract for fire engines** will be reviewed for proper controls over timeliness, quality and price.

We will audit the project management and contractual controls over the tendering and execution of the **St.Albans Fire Station contract**.