

Audit Committee 10 December 2008

Internal audit progress report

Executive summary and recommendations

Introduction

Jon Dee of PKF has prepared the attached report which sets out progress on internal audit. This is the third progress report covering the internal audit plan for 2008-9.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 27 February 2008, the Committee approved the internal audit plan for 2008-9. Internal audit reports for each completed audit are considered at committee meetings during the year.

In accordance with the approved internal audit plan, two internal audits were scheduled for fieldwork in the third quarter of 2008-9 (Financial Systems; Online Applications and Renewals project). PKF have advised that, while fieldwork for both areas will be completed in the third quarter, from initial discussions it will take longer to work through the latter report than the paper deadline for the Audit Committee allowed. It is intended that this report will be considered by the Committee at its meeting on 26 February 2009.

Members were notified of the situation by email on 7 November 2008 and asked to comment. No objections were raised, with members indicating that, given the importance of the project, they would prefer for the internal audit to take longer and be done thoroughly.

Resource implications

None.

Financial implications

None.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2008-11-28	a	ADT	PPR	Executive summary internal audit progress report Audit Committee 10 December 2008	Final DD: None	Public RD: None

Appendices

Internal Audit Progress Report.

Date of paper

28 November 2008.

Health Professions Council

Internal Audit

Audit Committee Progress Report – 2008/09

27th November 2008



Accountants &
business advisers

Introduction

This report summarises the progress that we have made with the 2008/09 internal audit programme and the results arising from the reviews that we have undertaken in the period since we last presented our findings to the Audit Committee.

Overview of progress

We are pleased to note that the audit programme is progressing steadily and delivery is ahead of the timetable approved by the Audit Committee in February 2008.

Total planned audit days for 2008/09	47 days
Target audit days to be completed by 27 th November 2008	30 days
Actual audit days completed as at 27 th November 2008	32 days
Remaining audit days to be completed	15 days
Quarter three projects	6 days
Quarter four projects	7 days
Contingency	2 days

We wish to thank all HPC employees for their availability, co-operation and assistance during the course of the reviews undertaken during this period.

Implications for governance

No significant control failures have been identified from the audits carried out to date. However, there is an inherent likelihood that many of the key financial risks of the HPC will increase over the coming months in the light of recent turbulence in the financial environment. Investment losses and income shortfalls may begin to emerge during 2009 and the number of registrants could also potentially decline.

Summary of the results of the audits undertaken to 27th November 2008

Review Outline	Progress/Conclusions	STATUS
<p>Approvals and Monitoring processes : 8 audit days</p> <p>Assessment of the arrangements for managing and monitoring the performance of education providers including provider visits, data monitoring. The review specifically covered the controls in place to manage the high priority risk identified by the HPC- 7.3 Inability to manage education provider visits.</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to June 2008 Audit Committee.</p>	<p>FINAL</p>
<p>Registrants' CPD implementation: 4 audit days</p> <p>Review of the planning and management controls to ensure that the new processes for registrants' CPD are in place and operational in accordance with the HPC's planned timetable.</p>	<p>Opinion – Sound</p> <p>Previously reported to June 2008 Audit Committee.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 27th November 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>Follow up: 3 audit days</p> <p>Follow up of the extent that our previous recommendations have been implemented in full. Some examples of past reviews where recommendations have been raised include: communications, registration, fitness to practise, IT, governance and finance.</p> <p>At the request of the June meeting of the Audit Committee we have also followed up the recommendations raised by Baker Tilley following the 2007/08 financial statements audit.</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to September 2008 Audit Committee.</p>	<p>FINAL</p>
<p>IT review – online applications and renewals projects: 6 audit days</p>	<p>Quarter Three Review</p>	<p>Quarter 3</p>
<p>Assessment of arrangements for planning managing and delivering these projects within the agreed timescale and budget, whilst ensuring the IT risks in relation to data security and network integrity are effectively managed.</p>	<p>Project in progress scheduled for December 2008</p>	

Summary of the results of the audits undertaken to 27th November 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>Financial systems : 10 audit days</p> <p>Review and testing of the controls over the main financial systems. This will cover the core areas of:</p> <ul style="list-style-type: none"> • Payroll; • Budgetary control; • Ledger management; • Asset management; • Income, including forecasting, billing, recovery and recognition; • Purchasing and payments; • Travel and subsistence; and • Cash management including cash flow management, banking and reporting. 	<p>Opinion – Satisfactory</p> <p>Based on our review work, we have concluded that the HPC's financial systems were satisfactory. However, we noted some areas where there remains scope for improvement to tighten up controls and meet best practice going forward and to be alert to potential shifts in the organisation's financial risk profile.</p> <p>We raised five recommendations in relation to these matters.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 27th November 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p data-bbox="199 389 819 459">Corporate Governance and Risk Management : 8 audit days</p> <p data-bbox="199 502 869 572">Annual assessment of the corporate governance arrangements for the Health Professions Council.</p> <p data-bbox="199 616 869 766">This year's review will also focus upon the arrangements that are being put into place to manage the implementation of the new Health Care and Associated Professions Order.</p> <p data-bbox="199 809 869 959">The review will specifically cover the controls in place to manage the high priority risk- 4.10 Member recruitment problem (with the requisite skills) linked to likely changes in the composition of Council.</p>	<p data-bbox="889 389 1155 416">Quarter Four Review</p>	<p data-bbox="1910 389 2027 416">Quarter 4</p>