

The Health Professions Council

Chief Executive and Registrar: Mr Marc Seale

Park House
184 Kennington Park Road
London SE11 4BU
Telephone: +44 020 7840 9710
Fax: +44 020 7840 9807
e-mail: colin.bendall@hpc-uk.org

Minutes of the twentieth meeting of the Audit Committee held on **Wednesday 5 December 2007** at Park House, 184 Kennington Park Road, London, SE11 4BU.

Present: Professor T Hazell (Vice Chairman)
Mr R Kennett
Professor C Lloyd
Mr D Proctor

In attendance:

Mr C Bendall, Secretary to the Committee
Mr D Blacher, Baker Tilly
Mr R Dunn, Director of Information Technology
Mr S Ecroyd, National Audit Office
Mr S Hall, Facilities Manager
Mr S Leicester, Director of Finance
Ms N O'Sullivan, Secretary to Council
Mr D Ross, Accountant member, Finance and Resources Committee (Observer)
Mr G Ross-Sampson, Director of Operations
Mr M Seale, Chief Executive and Registrar
Dr A van der Gaag, President
Mr R Weighell, PKF (UK) LLP

Item 1.07/95 Apologies for absence

- 1.1 The Vice-Chairman welcomed members and other attendees to the meeting.
- 1.2 Apologies for absence were received from Mr P Acres (Chairman) and Professor G Smith. The Committee noted that, in the Chairman's absence (due to illness), the Vice-Chairman would chair the meeting. The Committee agreed that the Secretary to the Committee should write to the Chairman on its behalf, to wish him a speedy recovery.
- 1.3 The Committee noted that Mr D S Sidhu of the National Audit Office and that Mr J Dee of PKF (UK) LLP were unable to attend.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None

Item 2.07/96 Approval of agenda

2.1 The Committee approved the agenda.

Item 3.07/97 Minutes of the Audit Committee meeting held on 25 September 2007

3.1 It was agreed that the minutes of the nineteenth meeting of the Audit Committee should be confirmed as a true record and signed by the Chairman, subject to the following amendments:

- Ms N O'Sullivan, Secretary to Council, had been in attendance;
- in paragraph 15.2, the last sentence should be amended to read that 'The Committee questioned the rating of this particular risk and after discussion the Chief Executive agreed that its rating was not correctly stated and to rate this as low.'

Item 4.07/98 Matters arising

- 4.1 The Committee received a paper to note from the Executive.
- 4.2 The Committee noted the actions list as agreed at the last meeting.
- 4.3 The Committee noted that HM Treasury had approved the payment made to a former employee in the 2006-7 financial year. This would enable the Comptroller and Auditor General to certify the annual report and accounts, which could then be laid in Parliament. The Committee noted that the Department of Health, HM Treasury and the National Audit Office had all been involved in resolving the issue. Further discussion took place at item 7 below.

Item 5.07/99 Chairman's report

5.1 There was no report as the Chairman was absent.

Item 6.07/100 Quality report

- 6.1 The Committee received a report summarising quality audit work.
- 6.2 The Committee noted that the Director of Information Technology had been appointed as the Head of Business Improvement and would take up the post in early 2008. One of his responsibilities would be maintenance of the quality management system.
- 6.3 The Committee noted that the HPC had passed the audit of the management system conducted by the British Standards Institute on 23 October 2007. One non-conformity had been identified before the audit and had been highlighted to the auditor as an area for

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None

improvement. Corrective action had been taken to resolve the issue. The Committee congratulated the Executive for ensuring an excellent outcome.

- 6.4 The Committee noted that the quality audit had included identification of training needs and assessment of training courses to decide whether they would be useful for all employees.

Item 7.07/101 Annual report 2006-7: Update

- 7.1 The Committee received a paper for discussion/approval from the Executive. The matter had also been discussed at item 4.
- 7.2 The Committee noted that, on 31 October 2007, members of the Executive had met with the HPC's solicitor and representatives of the Department of Health and the Privy Council. The meeting had agreed that the HPC should write to the Department of Health, as HPC's sponsoring body, asking the Department to seek approval for the payment made to a former employee in 2006-7. The finance division of the Department of Health had declined to do this, as the HPC was not a non-departmental public body. Instead, the regulatory branch of the Department of Health had applied to HM Treasury and approval had now been given. It was expected that the annual report and accounts would now be certified by the Comptroller and Auditor General and then laid before Parliament.
- 7.3 The Committee noted that HM Treasury had not yet added the Chief Executive and Registrar to the distribution list for 'Dear Accounting Officer' letters.
- 7.4 The Committee noted that it was likely that any revision of the Health Professions Order 2001 would keep the requirement for the HPC's accounts to be audited by the Comptroller and Auditor General. It was thought likely that this requirement would also continue to apply to the Nursing and Midwifery Council, but would not be applied to other healthcare regulators which had not been previously audited by the Comptroller and Auditor General.

Item 8.07/102 Internal audit report – Financial systems

- 8.1 The Committee received a paper for discussion/approval from the Executive.
- 8.2 The Committee noted that, as part of the internal audit programme for 2007-8, PKF had reviewed controls in the financial systems. The review had been mapped against the key financial risks in the risk register.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None

- 8.3 The Committee noted that PKF had concluded that financial systems were satisfactory. In particular, detailed steps were taken to refine the annual budget each year and to evaluate underlying assumptions in the organisation's Five Year Plan. In addition, the level of reserves was closely monitored. The Committee noted that the Finance and Resources Committee had received the Five Year Plan on 20 November 2007 and had agreed that it was of very high quality.
- 8.4 The Committee noted that PKF had raised a recommendation that management accounts should show debtors and creditors balances separately. Management had agreed with this recommendation.
- 8.5 The Committee noted that there was some scope for improving financial processing, for example in procedures relating to date stamping and authorising invoices. Two recommendations in relation to these areas had been agreed by management.
- 8.6 The Committee approved the report, including management responses. The Committee noted that Baker Tilly would take the findings into account when planning the external audit of the 2007-8 accounts.
- 8.7 The Committee thanked PKF for greatly improving the quality of its reports.

Item 9.07/103 Internal audit report – Laptop controls review

- 9.1 The Committee received a paper for discussion/approval from the Executive.
- 9.2 The Committee noted that, as part of the internal audit programme for 2007-8, PKF had reviewed the Information Technology (IT) Department's controls on laptops. This included encryption, evaluating password control/security, software licensing, back up and disaster recovery.
- 9.3 The Committee noted that, based on the review work, PKF had concluded that controls were sound. The Committee noted that controls were in place to ensure that laptops were protected against junk e-mail, viruses and inappropriate material.
- 9.4 The Committee noted that work to protect IT systems was an on-going effort, as new viruses were being developed all the time.
- 9.5 The Committee approved the report.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None

Item 10.07/104 Internal audit progress report

- 10.1 The Committee received a paper for discussion/approval from the Executive.
- 10.2 The Committee noted that PKF had prepared a report setting out progress on internal audit work in the third quarter of 2007-8. The Committee noted that 11 audit days remained for fieldwork scheduled for the fourth quarter and there was an unallocated contingency of two days. The Committee discussed and agreed the allocation of the contingency days in the private part of the meeting.
- 10.3 The Committee noted that the internal audit workplan for 2008-9 would be discussed at its next meeting.

Item 11.07/105 Standing orders

- 11.1 The Committee received a paper for discussion/approval from the Executive.
- 11.2 The Committee noted that, at its meeting on 25 September 2007, it had discussed its standing orders and agreed to make several amendments. Jonathan Bracken, HPC's solicitor, had redrafted the standing orders and the draft revised version was included in the paper.
- 11.3 The Committee agreed that the draft standing order 4(3)(b) should also refer to the Committee seeking comments from the internal and external auditors on the governance of the HPC. The Committee agreed that Mr Kennett should provide wording for the amendment to the Secretary to the Committee.

Action: Mr Kennett/CB (by 13 December 2007)

- 11.4 Subject to the amendment at paragraph 11.3, the Committee agreed to the proposed revisions.

Action: NO'S (by 13 December 2007)

Item 12.07/106 Training for the Audit Committee

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that, on 12 June 2006, it had agreed that it should receive annual training on aspects of its work. The paper proposed that the training in 2008 should be held on the afternoon of 27 February 2008, following that day's committee meeting. The

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None

proposed training would focus on the internal quality process used at HPC.

- 12.3 The Committee agreed the content of the 2008 training session as set out in the paper.

Action: CB (by 27 February 2008)

Item 13.07/107 Year end reporting timetable 2007-8

- 13.1 The Committee received a paper to note from the Executive.
- 13.2 The Committee noted that the paper contained the draft timetable for the stages necessary to complete the 2007-8 annual report and accounts. The draft timetable was subject to change, as the Executive would need to confirm the Privy Council's requirements for laying the annual report and accounts in Parliament.
- 13.3 The Committee noted that Baker Tilly would meet the Director of Finance in January 2008 to begin planning the audit.

Item 14.07/108 Any other business

- 14.1 The Committee agreed that the internal and external auditors were working effectively and that papers presented to the Committee were very clear.

Item 15.07/109 Date and time of next meeting

- 15.1 The next meeting of the Committee would be held at 10.30 am on Wednesday 27 February 2008.
- 15.2 Subsequent meetings would be held at 10.30 am on:
- Thursday 26 June 2008
Friday 26 September 2008
Wednesday 10 December 2008
Thursday 26 February 2009
Wednesday 24 June 2009

Chairman

Date

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-11-30	a	ADT	MIN	Minutes Audit Committee 5 December 2007 public meeting	Final DD: None	Public RD: None