Audit Committee

Public minutes of the 53rd meeting of the Audit Committee held on:-

Date: Wednesday 16 March 2016

Time: 10:30 am

Venue: The Council Chamber, Health and Care Professions Council, Park House, 184 Kennington Park Road, London SE11 4BU

Present: Richard Kennett (Chair)
Julie Parker
Stephen Cohen

In attendance:
Claire Amor, Secretary to the Committee
Elaine Buckley, Chair of Council
Kayleigh Birtwistle, Quality Compliance Auditor
Roy Dunn, Head of Business Process Improvement
Sara Gammon, National Audit Office
Emily Hopkinson, National Audit Office
Andy Gillies, Director of Finance
Michael Guthrie, Director of Policy and Standards
Greg Ross-Sampson, Director of Operations
Marc Seale, Chief Executive and Registrar
Omer Tauqir, Grant Thornton LLP

Item 1. Chair's welcome and introductions

1.1   The chair welcomed those present to the 53rd meeting of the Audit Committee.

1.2   The Committee noted that, at its meeting in December 2015, the Council had appointed Eileen Mullan to the Audit Committee.

Item 2. Apologies for absence

2.1   An apology for absence was received from Eileen Mullan.

Item 3. Approval of agenda

3.1   The Committee approved the agenda.

Item 4. Declarations of members' interests

4.1   No new interest was declared. The Committee noted Julie Parker's standing interest as declared at the Audit Committee meeting on 17 June 2015.

Item 5. Minutes of the Audit Committee meeting of 26 November 2015 (report ref: AUD 01/15)

5.1   The Committee received the draft minutes from its last meeting held on 26 November 2015.

5.2   The Committee agreed that the minutes of section six should be amended to clarify that the NAO's final audit visit will be shorter than in previous years as more audit work was completed at the interim audit visit.

5.3   The Committee agreed that minute 6.4 should be amended to reflect the Committee's consideration of the significant risks the NAO expects to address.

5.4   It was agreed, subject to the above amendments, that the public minutes of the 52nd meeting of the Audit Committee should be confirmed as a true record and signed by the Chair.

<div align="center">Items for discussion/approval</div>

Item 6. Internal Audit report - Consultation arrangements (report ref: AUD 02/16)

6.1   The Committee received a paper from the Executive.

6.2   The Committee noted that Grant Thornton had undertaken a review of the HCPC's arrangements for public consultations. This involved a

sample 'deep dive' review into recent consultations to assess how effectively they had been undertaken.

6.3   During discussion the following points were noted:-

- the requirement to consult publically is a statutory requirement placed on the HCPC by its legislation;

- the recent fees and standards of conduct, performance and ethics consultations were reviewed as part of the audit;

- the aim of the audit was to determine if consultations are run so as to maximise stakeholder involvement and provide quality analysis to Council to support their decision making;

- the overall opinion of the audit was that the HCPC's consultation process is working well;

- it was found that consultation responses are thoroughly analysed and the Council is involved at all stages of the consultation launch and recommendation approval process; and

- Grant Thornton have made a number of recommendations for possible future improvements to the process.

6.4   The Committee noted that the ratings of the "medium" audit findings were considered by Grant Thornton and the Director of Policy and Standards to be borderline, as it could be argued these were minor rather than medium risks depending on the individual consultation. The Committee agreed with this assessment.

6.5   The Committee discussed the recommendation on cost benefit analysis. It was noted that the direct costs of consultations are very low, and that indirect costs, such as development, are difficult to quantify and factor in.

6.6   The Committee discussed the quality of feedback gathered during a consultation. It agreed with the auditors opinion that care needs to be taken to ensure that the HCPC hears the right voices and not just the 'loudest'. It was noted that prior to launching a consultation the HCPC undertakes engagement activities to ensure that the right groups are providing their views.

6.7   In response to a question, the Director of Policy and Standards informed the Committee that the audit was useful to the Department as it confirmed some housekeeping issues that had been previously identified for attention. It was noted that more focus on the analysis phase, including a sample of responses, would be helpful in future.

6.8   The Committee noted the report.

Item 7. Internal Audit - progress report 2015-16 and 2016-17 plan (report ref: AUD 03/16)

7.1   The Committee received a paper from the Executive.

7.2   The Committee noted that the paper provided an update on the internal audit plan for 2015-16, as well as an updated list of proposed audit areas for 2016-17 for the Committee to agree.

7.3   During discussion the following points were noted by the Committee:-

- three audits have been completed in 2015-16;

- due to the HCPC pursuing ISO10002:2014 accreditation, the internal audit of the complaints function has been removed from the plan to avoid duplication. Therefore five audits will now take place in 2016-17;

- the core financial controls audit will be undertaken shortly and the report will be presented to the Committee in June 2016; and

- areas for internal audit in 2016-17 proposed by the internal auditors were review of the registration project (execution phase), FTP processes, property strategy, use of procurement frameworks and staff recruitment and retention.

7.4   The Executive outlined the areas it would find beneficial to be audited in 2016-17. These were:-

- scheduling of FTP tribunals, reviewing if the new tribunal suite at 405 Kennington Road is being used efficiently and if IT solutions are available to better facilitate this;

- Partner recruitment principles and processes with a focus on ensuring there is no bias against applicants with protected characteristics

- reviewing the registration appeals process in light of the recent transfer of responsibility from FTP to Registrations;

- publication of 'big data' project; and

- non-FTP legal services expenditure. To consider if the Executive is appropriately commissioning legal advice from its public law advice provider.

7.5   The Committee agreed that the property strategy audit currently in the plan could be combined with the Executive's preference to audit the use of tribunal space.

7.6   The Committee did not consider that the audit of the 'big data' project would be appropriate for the 2016-17 plan.

7.7   The Committee agreed that the proposed audit of staff retention and recruitment should take place and should include consideration of succession planning for EMT members.

7.8   The Committee discussed the proposed audit of the registration project execution phase. It was agreed that this was an important audit but that the timing would determine its usefulness. It was agreed that it would be best to wait until the first phase of the project is in its completion stage to tie in with the HCPC's planned gateway reviews and preparation for the execution phase. Therefore this audit would be included as a possible audit for the 2016-17 plan.

7.9   The Committee agreed that the audit of staff recruitment and retention, as well as non-FTP legal costs would be the first 2016-17 audits to take, to be carried out in Q.1, with Grant Thornton presenting an updated plan at the June 2016 Committee meeting.

7.10   The Committee discussed outline plans for the 2017-18 audit cycle. It was agreed that as information governance was covered by other ISO standards, this would be a duplication and internal audit resource would be best used in another area. The Committee agreed that the transfer of regulatory functions audit should not be committed to in any year until more information is known about the government's intended timeframe. In the meantime it was agreed that a paper on the transfer would be presented to the Committee in June.

7.11   The Committee agreed that a private meeting would follow the public meeting in June with only the Committee and the internal and external auditors present.

7.12   The Committee agreed to receive an updated internal audit plan for 2016-17 at its meeting on 15 June 2016.

Item 8. Review of internal audit recommendations (report ref: AUD 04/16)

8.1   The Committee received a paper from the Executive

8.2   The committee noted progress made on internal audit recommendations

8.3   The Committee received a verbal update from the Director of Finance on the progress made on implementing Grant Thornton's recommendations from their review of 5 Year Plan Model functionality and controls. It was noted that it is hoped that all recommendations will be cleared by the June Committee meeting and an update will be provided by Grant Thornton at that meeting.

Item 9. Performance Review of the Internal Auditor (report ref: AUD 05/16)

9.1   The Committee received a paper from the Executive.

9.2   The Committee noted that Grant Thornton were appointed as HCPC's internal auditors with effect from 1 April 2015 and therefore an annual review of performance will be undertaken.

9.3   The Committee agreed that the review should include the core financial controls audit and therefore the performance review paper would be considered at the Committee's meeting in September 2016.

9.4   The Committee agreed that the questionnaire should be amended to ask respondents to provide any specific examples of value added by the audit in question.

9.5   The Committee approved the paper subject to amendment outlined above.

Item 10. NAO Audit update

10.1   The Committee received verbal update from the NAO on progress on the 2015-16 external audit.

10.2   The Committee noted that the timetable for the audit was shorter than usual this year and therefore required efficient preparation for the audit visits to ensure time is used most effectively.

10.3   The Committee noted that the NAO consider that the audit is progressing well and that the NAO feel they are in a good position for the final audit. At present no major issues have arisen.

10.4   The Committee noted the update.

Item 11. Business Process Improvement report (report ref: AUD 06/16)

11.1   The Committee received a paper from the Executive.

11.2   The Committee noted the following points:-

- changes to BSI auditing practice have resulted in the HCPC producing approximately four times as many internal audit reports as previously;

- the next audits for ISO9001:2008 and ISO27001:2013 will take place in April;

- the new ISO9001:2015 standard has been published. If a suitable QMS/ISMS platform can be obtained the HCPC will move to the new standard between April and October next year; and

- the Service and Complaints Manager and Head of BPI have been working with a consultant to modify existing ISO9001 processes and documentation to match the ISO10002 requirements ahead of the certification audit in March 2016

11.3   The Committee discussed completion rates for the most recent Computer Based Training information security package. The Committee noted that whilst 94% if Partners had completed the training, this was not enough and that all Partners needed to undergo this training. The Committee also expressed regret that not all Council members had completed the training. The Committee agreed a more robust approach should be taken to the non-completion of the CBT package. It was agreed that, while this could cause issues for the departments using Partners, this was more acceptable than Partners not being trained in this area.

11.4   The Committee noted the report.

Item 12. Stage 1 BSI ISO10002:2014 assessment (report ref: AUD 07/16)

12.1   The Committee received a paper from the Executive.

12.2   The Committee noted that the HCPC is pursuing ISO10002:2014 certification. The stage one audit was completed on 16 February and two recommendations for improvement have been acted on. The next audit will take place on 21 and 22 March.

12.3   The Committee requested that the Executive present a paper at the September 2016 Committee meeting setting out which ISO standards the HCPC holds and the reasoning for continuing with these, as well as the standards the HCPC has not adopted and the reasons for this.

12.4   In response to a question it was noted that the HCPC embeds learning from complaints through process changes and continuous review of feedback. The EMT receive a monthly report analysing complaints received and suggesting improvements to prevent future issues. The Committee agreed to receive an example report as presented to the EMT at a future meeting.

12.5   The Committee noted the report.

Item 13. Risk register and risk owner presentations (report ref: AUD 08/16)

13.1   The Committee received a paper from the Executive.

13.2   The Committee noted that the risk register had undergone its six monthly review with updates provided by risk owners.

13.3   The Committee received an overview of the composition of the corporate risk register from the Director of Operations. The Committee requested the Executive to organise a briefing session on the risk register for Eileen Mullen prior to the next Audit Committee meeting to assist her as a new member of the Committee.

13.4   The Committee asked if the listed mitigations were monitored for accuracy. The Executive agreed to undertake a review sampling mitigations to provide assurance on their validity. This would be presented with the next iteration of the corporate risk register.

13.5   The Committee requested clarification on risk 7.6 'loss or significant change to funding, commissioning and placement opportunities for approved programmes'. It was noted that the economic landscape of higher education is experiencing a shift from a commissioning model to free market. This may result in programmes closing due to competition, or more registrants coming onto the register. This creates a risk in terms of quality of programmes and placements.

13.6   The Director of Operations provided an overview of his owned risks. In response to a question it was noted that project risk registers are very operational and specific to the individual project. If a project is considered high risk, a corporate project risk register is created and owned by Council. The Executive agreed to present the GSCC transfer corporate project risk register as an example register to the Committee at a future meeting.

13.7   In response to a question the Executive confirmed that the HCPC is not currently part of the NHS anti-fraud data matching scheme. Julie Parker agreed to provide some information on this scheme to the Executive.

13.8   The Head of Business Process Improvement provided an overview of his owned risks. The Committee discussed reporting culture at the HCPC. It was noted that the HCPC considers that it has an open reporting culture, with a well-established Near Miss Report process and an enhanced data incident reporting process established in the past year, but that in any organisation there will always be individual differences in culture.

13.9   The Committee agreed that in Louise Lake's absence the initials of the employee covering the Director of Council and Committee Services risks should be added to each risk.

13.10   The Committee noted the report.

Item 14. Annual report timetable (report ref: AUD 09/16)

14.1   The Committee received a paper from the Executive.

14.2   The Committee noted that the parliamentary laying date has been confirmed as 20 July 2016. In response to a question it was noted that the Director of Finance is responsible for the process to produce the annual report and accounts.

14.3   The Committee noted the report.

Item 15. Any other business

15.1   There was no further business.

Item 16. Date & time of next meeting:

16.1   Wednesday 15 June 2016 10.30am

Chair

Date