

Audit Committee, 5 September 2017

Internal audit – Review of recommendations

Executive summary and recommendations

At its meeting on 29 September 2011, the Committee agreed that it should receive a paper at each meeting, setting out progress on recommendations from internal audit reports.

Most of the information in the appendix is taken from the wording of the internal audit reports. The exception is the 'update' paragraph in the right-hand column, which provides details of progress.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to discuss the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

28 August 2017

Recommendations from internal audit reports

Core Financial Systems – Payroll (report dated September 2011 – considered at Audit Committee 29 September 2011)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Review of five year plan model functionality and controls review (report dated November 2015 – considered at Audit Committee 26 November 2015)

This report was not presented in traditional observation/recommendation/management response format. Observations that did not have an associated recommendation and recommendations that have been implemented have not been reproduced. The following recommendations are still open.

	Recommendation	Priority	Management response	Timescale/ Responsibility
Fitness to practise section of the model				
	We did not identify any major issues with inserting new data to reforecast the 5 year plan based on updated actuals. We do however recommend inserting a model version tracker as a way of assessing performance against the budget and long term forecasts. We note that it is not currently possible to change the forecast dates for FtP costs independently to other calculations and understand this functionality may be helpful. One approach would be to insert a flag to limit changes to forecast and actual periods to only the FTP sections of the model. However when implementing this we would recommend that this is clearly reported to users so they are aware of assumptions being used	Low	Noted, though to reforecast, the start and end date of the budget actuals would need to change, which impacts on registrant numbers calculated elsewhere.	Finance Director / Director of Fitness to Practise Update 05/09/2017 – Work on this was suspended when one of the key participants went on maternity leave and has not been taken further as other projects are currently higher priority. Previous updates
	We have observed that the model can cannot currently be used for sensitivity analysis or as a resource /workflow planning tool. In the models current state the addition of monthly updates to enable resource planning and effective reforecasting would require a periodic freeze of the registrant assumptions. This would also drive the need for a reconciliation/ logic check between the frozen and updated registrant values. Implementing this would require an update of the model with	Low	Noted and agreed. We'd want to do this to assist with future budget planning and resource management, especially to monitor the impact of planned changes in FTP	14/06/2017 – Work still underway 15/03/2017 – The work has started but is still underway 22/11/2016 – This work has slipped and is now starting in November with the aim of completing by

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	sufficient testing to ensure a robust procedure for updating inputs and reconciling frozen values.		processes and structures.	the end of the financial year. 06/09/2016 – Finance and FTP are working together with the aim of integrating the FTP module of the 5 year plan with FTP’s workforce planning and management information systems. These recommendations will be considered as part of that work, due to complete by November 2016.

Review of Whistleblowing arrangements (report dated August 2016 – considered at Audit Committee 6 September 2016)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	1

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	<p>Since becoming a prescribed person in October 2014, the Council at its meeting in March 2015 considered the Francis Report on Freedom to Speak Up and made a number of commitments to be completed within agreed timescales. One of these was to continue work in 2015/16 on developing an organisation-wide process for identifying, recording and handling protected disclosures made to the HCPC as a prescribed person under PIDA. The Director of Policy and Standards informed us that management had recently published more detailed information on its website about making such disclosures (as part of an existing section for registrants on reporting and escalating concerns).</p> <p>An internal policy setting out what is means to be a prescribed person and what procedures need to be followed had not yet been produced, but is planned for autumn 2016. The Council should use the launch of</p>	The Council should ensure that a Prescribed Persons Policy is developed, approved and introduced within an agreed timescale and monitored. All employees, partners and Council and committee members should be made aware of the new policy so that the HCPC’s role as a prescribed person is	Medium	Recent discussion with the Solicitor to Council has confirmed that we are compliant with the legal expectations placed on us as a prescribed person. We agree, however, that an internal policy which can be used to raise awareness across the organisation of our role as a prescribed person would be very helpful. A policy will be produced and agreed by the Executive	<p>Director of Policy and Standards</p> <p>Update</p> <p>05/09/2017 –</p> <p>Previous updates</p> <p>14/06/2017 – Under development. This will now be informed by a meeting with other</p>

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	this policy to promote the role of the HCPC as a prescribed person to managers and staff and to brief and/or train as appropriate those who might receive such disclosures. There may not be clarity within the HCPC in how to deal with disclosures to it as a prescribed person without a policy.	clear and understood.		Management Team in 2016, with progress reported in the Policy and Standards Directorate report to Council.	regulators to take place in July 2017 15/03/2017 - This work is now expected to be considered by the EMT in March 2017 22/11/2016 – This is underdevelopment and is due to be considered by the Executive Management Team in January 2017.

Review of Recruitment and Retention (report dated March 2017 – considered at Audit Committee 15 March 2017)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	None
Low	3

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
3	Existing recruitment procedural guidance is contained in a number of individual documents, these include: <ul style="list-style-type: none"> Interview assessment guidance Stages of the interview guidance 	The HR Business Partner should ensure that all recruitment procedural guidance is reviewed, up to date and maintained in a	Low	Recruitment Guidance will be reviewed and training delivered as part of our on-going 'HR Essentials' programme by March 2018	Director of Human Resources Update

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	<ul style="list-style-type: none"> Process flowchart for recruitment <p>A number of these documents were last reviewed/updated in December 2015. Training in the guidance was also last provided in December 2015. The recruiting managers that we interviewed during the review all stated that they would benefit from further training in the recruitment process.</p> <p>Failure to have procedural guidance in a single location, complemented with recent training, may lead to recruiting managers not comprehensively following the agreed process. This may lead to external challenge over the process.</p>	<p>single place for ease of access.</p> <p>Recruitment training should also be offered to all existing and new Recruitment Managers and recruitment panel members.</p>			<p>05/09/2017 – this work is due to be completed by march 2018</p> <p>Previous updates</p> <p>14/06/2017 – this work is due to be completed by march 2018</p>

Review of Property Management (report dated June 2017 – considered at Audit Committee 14 June 2017)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	None
Low	2

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	<p>Our assessment of the quality and upkeep of the space at the Tribunal Centre at 405 Kennington Road identified that it is fully accessible to all staff, Hearing participants and members of the public. This includes the provision of all the required items for their logistical and technical needs.</p> <p>However, we did identify the lack of any braille signage throughout the building for blind or visually impaired individuals.</p> <p>Whilst the provision of braille signage at a place of employment is not a specific requirement of the Equality Act 2010, it</p>	<p>We recommend that braille signage is installed throughout the building, particularly on lifts, door entrances and other required facilities.</p>	Low	<p>As stated, the provision of braille signage at a place of employment is not a specific requirement of the Equality Act 2010.</p> <p>All people attending a tribunal – panel members, registrant, witnesses, visitors, legal assessors - are asked before the panel hearing whether they have any specific requirements such visual</p>	<p>Recommendation not taken forward.</p>

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	remains good practice.			<p>impairments, limited mobility, dietary requirements etc. An assessment of these requirements is made and any adjustments are made where reasonable.</p> <p>All tribunals are clerked by an HCPC employee and take control of their room if any incidents occur. Specifically for visual impaired attendees, if they have not brought their own escort then a member of staff.</p> <p>is assigned to them for the time they are in the panel to assist them in moving around the tribunal building.</p> <p>Upon joining HCPC all new employees are assessed and any reasonable adjustments are made to their working environment. Furthermore, all employees are shown around and made familiar of all the relevant HCPC buildings that they are likely to be attending.</p>	
2	<p>Tribunal hearings are open to both members of the public and members of the Press. Members of the Press normally attend when a case is particularly complex or high profile. Prior to admittance to a Hearing they have to identify themselves as a member of the Press and provide relevant identification.</p> <p>Whilst some staff interviewed stated that they had received training on how to deal with the Press some felt that ongoing and refresher training would be useful.</p>	Refresher and ongoing training should be provided to all relevant staff on dealing with the media and the Press.	Low	<p>The Media & PR work closely with the Tribunals team. There are agreed processes in place developed by the Media & PR team to manage journalists who want to attend a hearing or their interactions during a hearing.</p> <p>Journalists can ask about timings or</p>	<p>Director of Communications</p> <p>Complete – training took place in June 2017 and a practical guidance sheet for hearings employees has been produced.</p>

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	Failure to deal with the Press appropriately may result in adverse publicity for the organisation.			<p>the spelling of panel members' names but any other requests have to come through the press office. This has been outlined to all hearing officers. There is also a section on the HCPTS website outlining general information and hearing rules for journalists.</p> <p>Delays around training have happened because of the turnover of Tribunal staff and their availability because of the nature of their jobs. Dates for training on how the Media & PR team and Tribunals team work together will now take place in June/July 2017.</p>	

Review of Payroll (report dated June 2017 – considered at Audit Committee 14 June 2017)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	1

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	<p>A SOW has been established since June 2016 and was last updated in March 2017. Whilst the SOW details the formal responsibilities for HCPC and the Payroll Bureau there have been a number of issues arising from the Payroll Bureau such as:</p> <ul style="list-style-type: none"> Delays in receipt of the first set of Check Reports from the Payroll Bureau ranging from 2-4 working days for March 2017 	We recommend that HCPC considers defining service standards for monitoring the Payroll Bureau's service performance.	Medium	Agreed. We will agree a revision of the SOW with the Payroll Bureau, including appropriate service standards.	<p>Director of HR and Director of Finance</p> <p>Update – Cleared: revised SOW was agreed with the</p>

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	<p>and April 2017 respectively</p> <ul style="list-style-type: none"> • Three or more sets of Check Reports sent by the Payroll Bureau for each monthly payroll run as opposed to two sets in SOW. The Check Reports include payroll files processed by the Payroll Bureau. These are checked by the HR and Finance teams before the files are uploaded in the system by the Payroll Bureau. As per SOW, the Check Reports are resent until all queries have been satisfactorily resolved by Payroll Bureau. A target date has not yet been set to reduce the exercise to two Check Reports. • Partial production of payroll reports as opposed to producing the full suite of payroll reports as agreed in the SOW • Timeliness of communication from Payroll Bureau to HCPC's payroll queries <p>Whilst a SLA is in place between the Payroll Bureau and HCPC, from our review of SLA we note that there are no service standards included in the SLA which we would typically expect for any organisation to have in place when working with a third-party payroll provider.</p> <p>Given the issues highlighted it would be beneficial and good practice for HCPC to agree on a set of robust service standards with the Payroll Bureau to ensure that the level of performance provided by the Payroll Bureau meets HCPC's required expectations. This would enable HCPC to objectively monitor and hold to account the Payroll Bureau.</p>	<p>Such service standards should be discussed and agreed with the Payroll Bureau and regularly monitored during the quarterly meetings. In the context of Check Reports, we recommend HCPC to communicate a formal deadline to the Payroll Bureau for achieving two sets of Check Reports.</p>		<p>Revised SOW to be in place by end of July 2017.</p>	<p>bureau at meeting on 21 August. Contract amendments to be signed in September.</p>
2	<p>The Director of HR and the Director of Finance are required to review the Gross to Net comparison report before approving the monthly salary payments.</p> <p>Whilst we observed evidence to demonstrate the monthly approval of salary payment by both Directors, there is no evidence to verify that the monthly Gross to Net comparison reports had been approved by both Directors.</p> <p>We would expect there to be an audit trail that demonstrates both Directors have reviewed the monthly Gross to Net comparison reports to check completeness and accuracy of payroll prior to its processing.</p>	<p>We recommend that the Director of HR and the Director of Finance retain evidence of review of the Gross to Net comparison reports prior to approving the monthly salary payments either via emails confirming their review to their deputies (Head of Financial Accounting and HRBP) or signing off on</p>	Medium	<p>Agreed. We will implement an email based process to evidence review of Gross to Net reports prior to approval from June 2017 payroll onwards.</p>	<p>Director of HR and Director of Finance</p> <p>Update – Cleared. The new process is in place</p>

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	<p>The checks would include the Directors' review of:</p> <ul style="list-style-type: none"> • Variances between prior and current month's gross salary for individual employees • Variances between prior and current month's net salary for individual employees • Explanations/ commentary on variances as provided by the Payroll Bureau and confirmed by the HR team 	<p>hard copies of Gross to Net comparison reports and archiving the same electronically.</p>			
3	<p>We noted that the HRBP has prepared a documented payroll process note and a flowchart which sets out the key activities to be undertaken for payroll processing by HR and Finance teams.</p> <p>While doing a walkthrough for the payroll run and discussing the process with HR and Finance teams we observed that a few activities had not been captured in the payroll flowchart.</p> <ul style="list-style-type: none"> • The existing payroll flowchart should be updated for: • HR team checking childcare voucher amounts • Finance team checking apprenticeship levy • Pension elements checked by both HR and Finance teams • Review of Gross to Net reports to the Director of HR and Director of Finance prior to payment approval • <p>We also noted that the existing payroll process note includes only key tasks to be performed by the HR team. Payroll tasks to be performed by the Finance team have not been included.</p> <p>Failure to maintain updated process document may result in:</p> <ul style="list-style-type: none"> • Employees may not make timely decisions in light of documented procedures • Succession risk is heightened in the loss of key personnel. 	<p>Existing payroll flowchart should be updated for:</p> <ul style="list-style-type: none"> • HR team checking childcare voucher amounts • Finance team checking apprenticeship levy • Pension elements checked by both HR and Finance teams • Review of Gross to Net reports to the Director of HR and Director of Finance prior to payment approval <p>The payroll process note should be updated to include key tasks performed by both HR and Finance teams.</p>	Low	<p>Agreed. We will review and update the process notes to reflect the agreed processes, following the revision of the SOW.</p>	<p>HRBP and Head of Financial Accounting</p> <p>Update – Cleared. Payroll flowchart has been updated to include the additional activities.</p> <p>Finance process note on payroll has been added to the HR note and this is saved in the shared drive.</p>