Audit Committee

10 September 2019

Internal Audit report – Quality Assurance

Executive Summary

As part of the 2019-20 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken an audit of the Quality Assurance function of the HCPC.

The objective of the review was to provide assurance on whether the function provides an effective and value-adding second line of defence assurance service to the organisation.

Previous consideration	None.
Decision	The Committee is invited to discuss the report.
Next steps	Recommended actions agreed with the Executive will be tracked for progress in the Committee's standing recommendation tracker report.
Strategic priority	Strategic priority 1: Continuously improve our performance across all our regulatory functions
Risk	1 - Failure to deliver effective regulatory functions 3 - Failure to be a trusted regulator and meet stakeholder expectations 4 - Failure to be an efficient regulator
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

HEALTH AND CARE PROFESSIONS COUNCIL

INTERNAL AUDIT REPORT - FINAL

QUALITY ASSURANCE
AUGUST 2019

Contents

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Reviewed by:	M Debique / W Mitchell

1 Executive Summary

Introduction

1.1 This assignment was completed in accordance with the approved annual Internal Audit plan for 2019/20. We undertook an audit of the recently centralised quality assurance (QA) function.

1.2 The HCPC has recently established a central Quality Assurance Department. The new central department brings together the three local level quality assurance functions from the Registration, Fitness to Practise and Education departments (regulatory departments), and the business process improvement function which is responsible for managing the ISO certifications for the organisation. The Department is responsible for conducting second line of defence quality assurance audits and reviews across the organisation. The service and complaints function in the department manages the complaints and feedback process across the organisation.

1.3 Within the last year, the department has been developing three common quality assurance frameworks which have been developed from the processes and methodologies previously instigated by the individual departments. The regulatory departments' quality assurance frameworks have been developed and further frameworks will be produced as the central function develops further.

1.4 Given that the QA function has been running for a while and its importance in the HCPC's assurance framework, Internal Audit considered it appropriate to review how well the function is currently operating.

Review objectives and approach

1.5 The objective of the review was to provide assurance on whether the quality assurance function set up by the HCPC currently provides an effective and value-adding second line of defence assurance service to the organisation. This review will also seek to assist the organisation in further developing the quality assurance function by providing recommendations for future development.

1.6 The key considerations for the review related to whether:

- there are appropriate governance arrangements for the organisation's quality assurance function and the central QA Department is appropriately structured to provide a common and consistent approach to QA activities. This includes whether the QA function has the right positioning within the organisation to carry out its role effectively;
- QA staff have an appropriate level of skills and training to effectively carry out QA activity;
- there is an overarching QA methodology and framework in place which clearly sets out HCPC's approach to its QA activities, including management oversight and reporting; and
- recommendations and actions arising from QA activities are monitored and followed up adequately.

1.7 Our audit was undertaken via interviews with staff from audited business areas, staff from the quality assurance Department, and members of SMT, in addition to the chair of the audit committee. A review of documents was also undertaken which included frameworks for upcoming audits, scoping documents and draft reports.

Key conclusions

 (Green-Amber)

Generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework or areas of non-compliance which may put achievement of system or business objectives at risk.

1.8 Our overall assessment is that the HCPC has made good progress in establishing a central Quality Assurance Department, but it is still in its developmental phase. The bringing together of the QA teams from the respective directorates is a positive step towards further developing a central QA function that can support a consistent approach to providing an effective second line of defence assurance service to the organisation. It also bodes well that the QA Department has inherent knowledge of the regulatory areas, the organisation's processes and established working relationships with the Business.

1.9 The Department has developed structured frameworks for the QMs and their respective teams to follow when undertaking audits that have been devised with the Head of QA, involving input from the respective heads of service for the departments. A new Quality Assurance Development Manager post has been recruited to further develop the ISO and non ISO audit QA framework and to clearly define and document the working arrangements between ISO and non ISO activity. The Department has also initiated a framework of management and quality checks of outputs from QA activity. There is also an established system of reporting to Management, through the Operational Management Team (OMT), through to the Senior Management team's bi weekly meetings and the Audit Committee around overall QA activity.

1.10 Our review has, however, highlighted areas for improvement in order to support the function in further developing the QA function to ensure that it continues to meet the needs of the organisation. Our recommendations once implemented would provide a strong 'second line of defence' for the organisation. The following are the key themes for improvement which reflects the relative newness of the centralised QA function:

- the function should develop an audit charter which sets out its overall approach to delivering its QA activities;
- more detail should be provided to the Audit Committee on progress of the QA work programme, the outcomes from individual reports and the implementation of recommendations;
- as part of developing the new framework for ISO and non ISO related activity the following should be taken into consideration; clearly define and outline the separation of assurance activities being undertaken by the QA and Governance Departments and considerations should be given to ownership, reporting, methodology and accountabilities for delivery;
- Performance reporting can be further enhanced to include metrics to monitor the quality of QA activities and performance of the Department;
- there is scope for improving the presentation of the QA reports, particularly including overall assurance levels for reviews and priority levels for recommendations;
- at the time of the review, whilst there are individual trackers, there was not a mechanism in the form of a central recommendation tracker for monitoring the implementation of recommendation arising from QA reviews. We understand that Management is currently working on this improvement;
- although, staff within the QA function have good knowledge and expertise in the areas they audit and there has been initial training on audit approach, techniques and best practice from other regulators, there is scope to enhance existing training to provide ongoing refresher training including case studies of audit areas across the regulatory areas and sampling methodologies; and
- recommendations within the reports can be more specific and targeted to the individual issues highlighted within the report.

Recommendations summary table

1.11 The following table summarises the recommendations made across the key risks audited, grouped by priority ratings:

Key risk area		Rating		Recommendation Priority rating		
				1	2	3
1	Governance arrangements	Amber		-	2	-
2	Staff skills and training	Green	Amber	-	1	1
3	QA methodology	Green	Amber	-	2	4
4	Report / Recommendations	Green	Amber	-	2	3
	Total recommendations made			**-**	**7**	**8**

1.12 The following tables in Section 2 Key Findings show the results of our analysis by each key risk area. Areas for improvement are highlighted with the key recommendations in the right-hand columns.

2 Key Findings

Key Risk Area 1: Governance Arrangements

Assessment: Amber

Background

For any organisation, it is expected that a central QA function is in place to help provide assurance on the overall performance of functional areas within the business. The QA function would report to the senior management team (SMT) and the audit committee on the progress of work being undertaken in addition to identified weakness on a regular basis. SMT and the audit committee should be made aware of the expected areas to be audited within the year and be able to provide guidance and support where necessary. QA functions normally have a number of key performance indicators in place to measure and monitor its performance. We undertook meetings with SMT in addition to reviewing minutes for the SMT and audit committee to address this key risk area.

Findings & implication

Positive findings

- The review found that regular reports detailing the reviews the quality assurance (QA) function is undertaking are sent to the Senior Management Team (SMT), the SMT meet on a bimonthly basis. We are of the view that information is sufficient for the SMT to have effective oversight of QA activity and to support decision making.
- The Senior Management Team (SMT) meets every two weeks where, when submitting QA updates or reports, the Head of QA will discuss the status of reports being undertaken, those due to take place and those that have been completed. A summary page is included on the front of all QA reports produced to briefly outline the findings of the audits.
- The SMT review and discuss all audits and are of the view that the reports that are presented to them are in depth and adequately explains the findings and issues identified against the Professional Standards Authority (PSA) standards.
- The Audit Committee receive a brief report from the Head of QA along with the findings and summaries of audits undertaken, the audits currently in progress and those due to start in the period.
- The current governance arrangements by which the Head of QA reports to the SMT and subsequently to the Audit Committee are sufficient to help ensure that the QA function has the right level of visibility, support and input from those in charge of governance for HCPC.

Areas for improvement and implication

Recommendation

1. We recommend that Management reviews the current QA reports provided to Audit Committee and consider whether the following information should be included:
   - Timelines throughout the year of when reviews are expected to be undertaken and due to be completed. These are currently provided as part of the reporting to SMT.
   - Performance data of the QA team.
   - Significance and/or rating of reports.
   - Clear indicators of where the QA audits fit into the assurance map and overall assurance of the organisation.
   - The reasoning behind each audit undertaken and the benefits of undertaking such audits. These are currently provided as part of the reporting to the SMT.

Priority 2

2. We recommend that as part of developing the framework for the ISO and non ISO audit activity that Management considers setting out the following:
   - Clearly define and outline the separation of assurance activities being undertaken by the QA Department and the Governance Department.

Findings & implication	Recommendation
• Our review of the QA reports and discussions with the Chair of Audit Committee highlighted that information sent to the Audit Committee is brief and does not include the full detail of the work being undertaken by the Department. For example the reports presented to the Audit Committee team did not: – provide timelines and plans for the audits throughout the year for example broken down into Q1 through to Q4 of the year; – report on the performance of the QA team; – provide an overall significance or rating of the audit reports and the subsequent findings of the audits undertaken; – identify how the work of the QA Department fit into the HCPC assurance map; – explain the positive impact that the QA Department is bring to the organisation. At the June's audit committee, these gaps were discussed and the Head of QA has committed to undertaking the changes within the report. We deem the above information to be important in ensuring that the Audit Committee can provide effect challenge. • The Head of Business Process Improvement (HBPI) has recently transferred from the QA Department into the Governance Department. The audits undertaken for the organisation however still remains within the QA Department. Due to the change occurring during this audit, there is currently work ongoing to develop a framework of how the function will now work in light of this change. Historically, the HBPI has focused on British standards Institution (BSI)/ISO related audits. While Governance are now responsible for the management of ISO, the QA Department are still responsible for the auditing for the organisation. • Audits currently undertaken for non-regulatory functions are mostly BSI/ISO related, and although this helps to maintain HCPCs ISO status, it does not give assurance in non-ISO related areas. We understand that the QA Department have recognised this risk and are currently reviewing the auditing requirements for the organisation, taking into account the risk registers, assurance mapping, all audit activity and any organisation certification requirements (eg ISOs). A revised approach will therefore be designed and incorporated into a quality assurance framework. Additionally, a new Quality Assurance Development Manager has been recruited and one the roles of this post will be to develop a framework which details the working arrangements between the Governance Department and the Quality Assurance Department in regards to ISO compliance activities. At the time of clearing this report, work had commenced in developing the framework.	• Considerations should be given to ownership, reporting, methodology and accountabilities for delivery. • In addition, the Head of QA, the Governance Department and the Internal Auditors should discuss other areas that could be audited that would add value to the organisation that are outside of BSI/ISO focused areas. ***Priority 2*** 

Management response
1. Accept **Action:** As is documented, this is work that the Department is already undertaking. The QA Department report provided to Audit Committee will be developed over this financial year to provide a better overview of the work that the Department is doing in relation to the workplan, and to provide clarity about how the work of the Department fits in to overall assurance activities across the organisation. **Action Owner:** Head of QA **Completion date:** Q2-Q4 2019/20 **2. Accept** **Action:** As is documented, this is work that the Department is already undertaking. A review of how the QA Department conducts non regulatory department audits started in July 2019 with the aim of developing organisational audits that fully reflect the current needs of the organisation. Part of this work will be to develop a framework between the QA and Governance Departments. This will set out roles and responsibilities, an audit plan and the various factors that have been considered in the production of the plan such as risk registers, assurance mapping, audit activity across the organisation and any organisation requirements such as ISO. This is the same approach that is taken in the determination of the regulatory department quality assurance frameworks in each financial year. **Action Owner:** Head of QA

Findings & implication	Recommendation
	Completion date: Q2-Q3 2019-20

Key Risk Area 2: Staff Skills and Training

Assessment: Green | Amber

Background

QA teams providing assurance in areas within business should be sufficiently trained to help ensure consistency and help ensure audits are undertaken both effectively and efficiently. Skills within QA teams should meet basic requirements across the team to ensure that they are competent to undertake the work assigned.

Findings & implication	Recommendation
Positive findings • All officers and managers undertaking QA assignments have previously worked in the respective functional areas and our view that they have good working knowledge of the organisation, legislative requirements, teams, processes and terminologies. • We found that some training has been undertaken in the form of Excel, Word and ISO specific training. • Frameworks are in place as a guideline of work that each QA team will be undertaking. • All reports are quality assured and verified for consistency via other QA teams and ultimately the Head of QA. • Based on discussions from the team, we understand that the QA function benchmarks its quality standards and procedures against other similar regulatory bodies and best practice standards. **Areas for improvement & implication**	3. We recommend that the QA team undertake ongoing and enhanced audit techniques and methodology training. This will supplement existing training, skills and experience. ***Priority 3*** 4. We recommend that in the long term, as part of business continuity and succession planning arrangements, each team member be trained and undertake QA audits in each regulatory area. This will ensure there is full assurance coverage across all regulatory areas. ***Priority 2***  **Management response**

Findings & implication	Recommendation
• Some training have been undertaken with the QA team. This training included aspects of the audit process, approach and methodology. The training also discussed best practice from other regulators. We deem the training done sets a good foundation, however it can be further enhanced by providing ongoing refresher training and using case study examples of audits from other regulatory areas and ISO compliance areas. Additionally, we also noted that sample selection methods are unstructured and need to be better streamlined as part of the team's audit methodology. Sampling techniques and methods can also be included as part of the ongoing training. • Although the team are very knowledgeable in the areas in which they currently work there has been little cross training into other regulatory areas. To ensure a fully integrated QA team, it is important that all team members can undertake QA audits in all regulatory areas. This will also ensure that there will be continuity in the delivery of the annual QA plan should team members are on annual leave or other long term leave. Further discussions with Management confirmed that in the long term the organisation is working towards cross working within the Department.	**3. Accept** **Action:** As with all departments across the organisation, the QA Department has a learning and development plan for each financial year. We will ensure that suitable further training will be incorporated into the ongoing development for individuals and the Department. In response to the comment about sample methods, the Department does not have a standard sample size. Due to the differing nature of the audits carried out the sample size varies according to a range of factors such as the type of audit and the risk and impact of the area being audited. Sample size is therefore determined at the scoping stage of each audit. This approach has worked well for the audits that are being produced by the Department. Sample sizing and techniques also formed part of the internal training completed in the Department over this and the last financial year. We will however ensure that sample techniques and methodology will continue to be included in the learning and development plan for the Department. **Action Owner:** Head of QA **Completion date:** Q4 2019-20 **4. Accept** **Action:** Wherever possible, in this financial year and last, we have identified opportunities to undertake cross team working within the Department. The managers work closely together on peer reviewing audit reports, providing input into audit activities, standardising audit materials and providing support for the service and complaints process. At officer level we have trialled a cross regulatory team member of staff and look to develop more cross working, particularly at this level.

Findings & implication	Recommendation
	Research with QA teams at other heath regulators was carried out at the start of the year, to learn from their development as a central QA function and to determine if our structure and approach was suitable for the organisation. From this information it was apparent that, to develop to a stage where a QA team can undertake audits in any regulatory area, a long term approach is required across several years of development. The current aim is to develop a cross team working approach as much as possible within this financial year and revisit this objective when developing the workplan for next financial year. **Action Owner:** Head of QA **Completion date:** Review in Q4 for 2020-21 financial year workplan

Key Risk Area 3: QA Methodology

Assessment: Green | Amber

Background

Reviews or audits due to be completed throughout the year by the QA Department should be clearly set out and defined. Scoping meetings between the QA teams and business heads and managers support agreement of details of review to be undertaken including key personnel to be contacted, perspective, and time frames of the audits, in addition to how the final findings will be presented. Throughout the audit, findings should be communicated with key staff so that there is sufficient time to allow for any explanations of variations to policies and procedures in addition to ensuring there are no 'surprises' within the final reports. Prior to the issuing of the report an exit meeting should be held at the end of any review informing the manager/head of service of the findings so far and to confirm the date of the report to be presented. Expectation of the auditee should be explained at the exit meeting with respect to required responses for the audit reports.

Findings & implication

Positive findings

- Our fieldwork highlighted that frameworks for audits to be undertaken by the QA teams are a joint effort between the Head of QA, relevant QA Manager and the Head of the Regulatory functions. The Head of QA retains overall responsibility for the frameworks. Which audits to be undertaken is dependent on a number of factors such as:
  - findings from previous audits or reviews (including PSA report findings);
  - recent changes to the business area or processes;
  - any areas where concerns have been identified or where there has been a number of complaints;
  - any areas that may be perceived as topical and/ or high risk.
- The Head of QA reviews all draft reports helping to ensure consistency in the quality of all reports.
- A scoping meeting is undertaken prior to all audits being undertaken to ensure full understanding of what is to be covered by both the QA team and the respective functions.
- Review of a sample scoping document found that the scoping document clearly set out the reason for the audit, the areas to be covered, the volume of samples to be taken for testing and what the output of the audit would be.
- Further discussions with the Head of QA highlighted that all Heads of regulatory functions and any relevant staff are offered exit meetings at the end of audits being undertaken

Areas for improvement & implication

Recommendation

5. It is recommended that the QA function put an audit charter in place which will set out:
   - the purpose of the function;
   - reporting lines;
   - roles and responsibilities;
   - how audits will be selected to be undertaken (risk based approach);
   - process for any deviations from the agreed audit plan;
   - is a document that the QA function can be held accountable to;
   - formally agreed at the Audit Committee.

Priority 3

6. It is recommended than an overall strategy for the QA function is developed. As a minimum this should include the following:
   - the overall aim and objective of audits;
   - the methodology that is being followed in order to conduct their reviews;
   - how the QA function will achieve its aims and objectives;
   - how the QA function determines the reviews it undertakes;
   - the audit plan for the year;

Findings & implication	Recommendation
	• any deviations from the audit plan should be fully documented. ***Priority 3*** 7. We recommend that an overall up to date framework is put in for the entire QA function and should include the three regulatory frameworks, the non-regulatory audits and it should be aligned with the new QA structure of the team. ***Priority 3*** 8. An exit meeting should be a mandatory requirement as part of the audit approach. The meeting should be there to detail any findings that are identified throughout the audit process. It would also be beneficial for the QA team and officers to discuss areas of concerns identified and emerging recommendations. 9. We recommend that service standards targets are put in place to monitor performance on individual audits and of the wider team in terms of delivery against the annual QA plan. All standards/targets should be SMART (specific, measureable, achievable, relevant and time-bound). These standards can support reporting to the Audit Committee. ***Both Priority 2*** 10. Scoping documents should detail any key officers to be consulted as part of the audit fieldwork. ***Priority 3***
	Management response

Findings & implication	Recommendation
Positive findings • Our fieldwork highlighted that frameworks for audits to be undertaken by the QA teams are a joint effort between the Head of QA, relevant QA Manager and the Head of the Regulatory functions. The Head of QA retains overall responsibility for the frameworks. Which audits to be undertaken is dependent on a number of factors such as: – findings from previous audits or reviews (including PSA report findings); – recent changes to the business area or processes; – any areas where concerns have been identified or where there has been a number of complaints; – any areas that may be perceived as topical and/ or high risk. • The Head of QA reviews all draft reports helping to ensure consistency in the quality of all reports. • A scoping meeting is undertaken prior to all audits being undertaken to ensure full understanding of what is to be covered by both the QA team and the respective functions. • Review of a sample scoping document found that the scoping document clearly set out the reason for the audit, the areas to be covered, the volume of samples to be taken for testing and what the output of the audit would be. • Further discussions with the Head of QA highlighted that all Heads of regulatory functions and any relevant staff are offered exit meetings at the end of audits being undertaken Areas for improvement & implication	**Accept** **Action:** 5 & 6: As is documented, much of the information that would form part of an audit charter and overall strategy is already documented in the Departments' workplans and quality assurance frameworks. We will look to produce these documents in the future so that this information can be provided to a range of stakeholders as standalone, high level overview documents. 7: As is documented, the Department currently has quality assurance frameworks with the regulatory departments and is currently developing a framework with the Governance Department. We will look to produce an overall framework for the QA Department in the future so that this level of overview can be provided to a range of stakeholders. 8: We have started to implement exit meetings with heads of Departments in this quarter to discuss audit findings before drafting the reports. We will incorporate this into standard practice going forward. 9: As is documented, performance reporting currently indicates how audits are progressing against workplans and senior management are provided with overall workplans and audit schedules for the financial year. The Department will continue to develop the performance reports to both SMT and Audit Committee to ensure that this progress is highlighted more clearly going forward. The Department will look to introduce applicable service standards across the QA functions to provide further information to stakeholders on the progress of delivery of the annual workplan. 10: The Department establishes the key contacts to liaise with in relation to each audit in the scoping stage of audits. This includes who to escalate any issues to. As the scoping document reviewed did not contain this information we will ensure that this is consistently recorded in this document going forward. **Action Owner:** Head of QA

Findings & implication	Recommendation
• There is no audit charter at which the QA Department operate by and are held accountable to though information that would form part of a charter exists in the quality assurance frameworks and workplans. • There is no overarching strategy document for the QA function though information that would form part of such a document exists in the quality assurance frameworks and workplans. Without a strategy there is the risk that the organisation's approach and objectives in the context of its QA activities will not be detailed. A strategy should at the minimum set out an aim/key objectives to be met. • Due to the timings of the change, a framework for the ISO specific audits and non-regulatory audits is not currently in place and should be produced and aligned with the new QA structure in place as the current framework is ISO focused and relates to the previous structure of the team. We understand that the new Quality Assurance Development manager has commenced the development of a framework to detail the working arrangements for ISO and non ISO activity between the QA and Governance Departments. • Discussions with the business (the QA function's 'auditees') highlighted that in the case of one area, the auditee not aware of the findings of audits being undertaken until the draft report was issued. . It is important that an exit meeting be a mandatory requirement as this is a key control in ensuring emerging findings and recommendations are discussed with auditees before the report is drafted. • The review highlighted that the current performance reporting includes status and progress updates on individual reviews and against the annual plans. Performance reporting can be further enhanced through the introduction of performance metrics to measure the quality and timeliness of individual reviews and against the annual plan. This includes, for example, when audits are to be completed and reports are to be issued. Beneficiaries of the QA function, such as senior management and the Audit Committee do not get a clear sense of progress made against expected progress of work and thus the assurance they are getting. Further discussions with Management highlighted that conversations have commenced on developing a suite of service standards to measure performance of the QA activity. • The scoping document reviewed, did not mention key staff to be consulted during the audit. This is important in ensuring that the right persons are consulted in carrying out the review. It also provides a clear evidence trail and clearly sets out expectations and parameters for the review.	**Completion date:** Q2 – implementation in Q1 2020/21

Key Risk Area 4: Report / Recommendations

Assessment: Green | Amber

Background

Reports produced by QA functions help to set out the overall findings of the reviews undertaken. They can include areas that work well as well as areas of improvement in addition to the recommendations. An overall assurance rating given as part of the report enables the reader at a quick glance to identify how the controls in that business area are working and how much extra resources, support and attention needs to be focused there. Individual ratings that are given red, amber, green (RAG) ratings allows the auditee and those charged with governance the ability to understand if there are any issues that need to be addressed in the immediate future or addressed as more of a best practice measure.

Findings & implication	Recommendation
Positive findings • Review of a sample of reports produced highlighted the following: – presentation of reports are fairly consistent across the team; – all reports contain a summary sheet at the front that summaries the key findings; – reports are sufficiently detailed allowing the reader to clearly understand the processes being audited. • Recommendation trackers are in place for each of the three areas within the QA function. The recommendation trackers detail information such as findings, recommendations and owners. **Areas for improvement and implication** • Reports do not contain an overall assurance rating, such as using a 'RAG' rating (RED AMBER GREEN). An overall assurance rating allows the reader at a quick glance to understand the overall assessment of the area audited. It would also inform future years' annual plan more easily. • Recommendations produced are not currently given priorities of importance in any way. This therefore does not effectively support the business and other independent recipients of the report in understanding the full, overall implication of the findings and to prioritise the implementation of recommendations to improve processes. Also, by rating recommendations the regulatory departments can prioritise implementation of recommendations and interventions for addressing findings. • Recommendations in reports do not always fully detail what is being recommended. For example in the Programme Report January 2019, '*Recommendation 1: The Education Management team*	11. We recommend that all reports should be given an overall assurance rating level. This can be based on an overarching assurance rating framework or differ based on the type of audit undertaken. A rating system similar to Internal Audit would be good to use, as it would also enable a read across to the work of internal audit. ***Priority 3*** 12. We recommend that all recommendations are RAG rated or similarly priority rated. This will help to identify which recommendations and issues need to be addressed as a priority and will help to more easily assign an assurance level to the report. ***Priority 2*** 13. As is planned, an overall recommendation tracker for the QA function should be put in place. ***Priority 2*** 14. We recommend that audits undertaken by the QA function include the areas with which it relates to with respect to the risk register.

Findings & implication	Recommendation
should review the issues identified in this audit and undertake any required follow on actions'. The recommendation is broadly worded and does not clearly link the recommendations to the issues identified. Further, it does not detail in practical terms what the business should be implementing. • There is not an overall recommendation tracker in place for the overall QA function. This is an area of work in the workplan for quarter 2 for the QA Department. An overall recommendation tracker would be easy to manage, monitor, review and present to the Audit Committee. The Audit Committee have agreed to receive the QA recommendations alongside the internal audit report recommendations and external audit management letter points.	15. Management should consider the merits of providing more detailed recommendations to the Business within the reports. ***Both Priority 3*** 
	Management response **Accept** **Action:** 11: The Department will look into the introduction of either an overall assurance rating level that would work across the range of audits that the Department undertakes or a ratings system based on the type of audit that is being undertaken. 12: Currently, the heads of departments receiving the audit reports review the recommendations, accept or reject these and determine the actions they will complete and timescales in which to complete these. These are then reviewed by the QA Department and SMT. The Department will look to introduce a priority rating for recommendations to assist departments across the organisation in identifying the QA Departments perspective on priorities. 13: As is documented, work is planned in Q2 to produce an overall recommendations tracker for the Department. This will bring together the regulatory departments individual trackers and aid monitoring and reporting.

Findings & implication	Recommendation
	14: Currently, the ISO audit reports produced by the Department include the part of the risk register that relates to the audit. In the current work being undertaken to develop organisational audits we plan to develop the links to the risk registers and other relevant sources of information in the reports. Currently, relevant areas in the risk register are also part of the information reviewed in order to determine the focus of the quality assurance frameworks and work plans for each financial year. The Department will consider incorporating reference to the relevant risk register areas in the regulatory department and service and complaints reports. 15: The recommendations produced by the QA Department aim to clearly identify issues and areas of improvement. From the audit reports reviewed as part of this audit, one recommendation has been identified as not fulfilling this criteria. The heads of departments receiving the audit reports review the recommendations and determine the actions they will complete and timescales in which to complete these as they are best placed to identify what the business should be implementing. We will ensure that all recommendations clearly detail issues and areas of improvement going forward. **Action Owner:** Head of QA **Completion date:** Q2 – implementation in 2020/21

A Additional information

None

B Audit objectives, Risks & Scope

Terms of reference	
Objectives	The objective of the audit is to provide assurance on whether the quality assurance function set up by the HCPC currently provides an effective and value-adding second line of defence assurance service to the organisation. This review will also seek to assist the organisation in further developing the quality assurance function by providing recommendations for future development.
Key risk areas	The key risks with this area of activity are whether: • There are appropriate governance arrangements around the organisation's quality assurance function and the central QA Department is appropriately structured to provide a common and consistent approach to QA activities. This includes whether the QA function has the right positioning within the organisation to effectively carry out its role. • ▫ QA staff has an appropriate level of skills and training to effectively carry out QA activity. • ▫ There is an overarching QA methodology and framework in place which clearly sets out HCPC's approach to its QA activities, including management oversight and reporting. ▫ Recommendations and actions arising from QA activities are effectively monitored and followed up.
Scope	The scope of the review will include the following: • Review and assessment of governance arrangements and the structure of the quality assurance function. This will include senior management oversight and high level reporting of QA activities. • ▫ Review and evaluation of the overarching quality assurance frameworks. This will include evaluation of QA procedures, processes, methodologies, reporting and management quality review. In assessing this area, the scope will cover both the annual QA plan and individual review processes. • ▫ Review and assessment of skills and training provided to staff involved in QA activity. • ▫ Review and assessment of the performance monitoring and reporting of QA activities on the individual review and Department level. • ▫ Review and assessment of the arrangements in place for monitoring actions/recommendations arising from QA activities.
Approach	The approach to the review will include the following: • Interviews with key staff involved in QA activities. • ▫ Review of key documentation, including QA procedures, plans, reports, templates etc.

C Audit definitions

Opinion/conclusion	
(Green)	Overall, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to attaining higher or best practice standards.
(Green-Amber)	Generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework or areas of non-compliance which may put achievement of system or business objectives at risk.
(Amber)	Weaknesses have been identified in the control framework or non-compliance which put achievement of system objectives at risk. Some remedial action will be required.
(Amber-Red)	Significant weaknesses have been identified in the control framework or non-compliance with controls which put achievement of system objectives at risk. Remedial action should be taken promptly.
(Red)	Fundamental weaknesses have been identified in the control framework or non-compliance with controls leaving the systems open to error or abuse. Remedial action is required as a priority.

Any areas for improvement are highlighted with the key recommendations in the right-hand columns. The symbols summarise our conclusions and are shown in the far right column of the table:

Good or reasonable practice	
An issue needing improvement	
A key issue needing improvement	

Recommendation rating	
Priority ranking 1:	There is potential for financial loss, damage to the organisation's reputation or loss of information. This may have implications for the achievement of business objectives and the recommendation should be actioned immediately.
Priority ranking 2:	There is a need to strengthen internal control or enhance business efficiency.
Priority ranking 3:	Internal control should be strengthened, but there is little risk of material loss or recommendation is of a housekeeping nature.

D Staff consulted during review

Name	Job title
Paula Lescott	Head of Quality Assurance
John Barwick	Executive Director of Regulation
Jacqueline Ladds	Executive Director of Policy and External Relations
James Wilson	Registration Quality Manager
Ellis Christie	FtP Quality Manager
Aveen Croash	Education Quality Manager
Richard Houghton	Head of Registrations
Brian James	Head of FtP
Brendon Edmonds	Head of Education
Paul Robson	Service and Complaints Manager

Sue Gallone	Audit Committee Chair

We would like to thank these staff for the assistance provided during the completion of this review.

FOR MORE INFORMATION:

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