

Agenda Item 15

Enclosure 17

**Health and Care Professions Council
21 March 2018**

**Minutes of the meeting of the Audit
Committee held on 6 March 2018**

For information

**From Stephen Cohen, Chair of the Audit
Committee**

Council, 21 March 2018

Minutes of the Audit Committee Meeting 6 March 2018

Executive Summary

The Audit Committee (AUD) met on 6 March, NAO, haysmacintyre, NAO and Grant Thornton representatives attended the meeting.

The draft minutes of the public meeting are enclosed. A summary of business considered is set out below.

Social Worker Risk Register

This is a standing item for AUD as agreed by Council. Recent developments in the establishment of Social Work England were noted.

Internal Audit Report - Cyber Security

This internal audit provided positive assurance on the HCPC's arrangements for cyber security. Some process based recommendations were made many of which have already been actioned.

- AUD agreed that the Council should be prompted to consider its assurance needs in this area. (paragraph 7.3)

Internal Audit Plan 2018-19

The Internal Auditor will review the following areas in 2018-19

- Strategic and operational planning
- Social Workers Transfer project
- Fee levels
- Key financial controls
- HCPC PSA improvement plan

More information on the scope of these reviews can be found at the following link;

<http://www.hcpc-uk.org/assets/documents/100056FDEnc04-InternalAuditPlan2018to2019.pdf>

AUD will consider if a review of the 186 Kennington Park Road Project should be included in the plan, post the Council's consideration of a report on the project (on this meeting's private agenda) (paragraph 9.7)

- AUD agreed to take Council's view on whether an in depth review of culture is required and whether by the Committee or Council. (paragraph 9.6)

External Audit Plan 2017-18

2017-18 will be the first year where both haysmacinture and NAO undertake the HCPC's external audit. Discussion focused on how effective cooperation would be ensured.

Strategic risk workshop outputs

AUD, the Executive and haysmacintyre held a workshop on 5 February to begin the development of a HCPC strategic risk register.

At this meeting AUD received a progress update and provided steer on further development direction. AUD will review a draft of the strategic risk register at its meeting in June 2018.

The following papers were also discussed;

- Business Process Improvement report
- BSI ISO10002 Audit Report

<h2>Audit Committee</h2>

Public minutes of the 63rd meeting of the Audit Committee held on:-

Date: Tuesday 6 March 2018

Time: 9:30 am

Venue: Rooms D&G, Health and Care Professions Council, Park House,
184 Kennington Park Road, London SE11 4BU

Present: Sue Gallone (Acting Chair)
Eileen Mullan
Julie Parker

In attendance:

Claire Amor, Secretary to the Committee
Kayleigh Birtwistle, Quality Compliance Auditor
Madeline Dugmore, National Audit Office
Roy Dunn, Head of Business Process Improvement
Guy Gaskins, Director of IT
Andy Gillies, Director of Finance
Alex Gillespie, haysmacintyre
Adam Halsey, haysmacintyre
Amit Patel, Grant Thornton
Paul Rao, Grant Thornton
Greg Ross-Sampson, Director of Operations
Marc Seale, Chief Executive and Registrar

Part 1 - Public

Item 1. Nomination of acting Chair

- 1.1 The Secretary of the Committee informed the Committee that apologies had been received from Stephen Cohen, Chair of the Committee. The process for nomination of acting Committee Chair was noted.
- 1.2 Members nominated Sue Gallone as acting Chair of the Committee for the purposes of the 63rd meeting of the Audit Committee.

Item 2. Apologies for absence

- 2.1 Apologies for absence were received from Stephen Cohen.

Item 3. Approval of agenda

- 3.1 The Committee agreed to consider the Social Work Risk Register, paper reference AUD 12/18, following consideration of the minutes of the Audit Committee meeting of 17 January 2018.

Item 4. Declarations of members' interests

- 4.1 The Committee had no interests to declare.

Item 5. Minutes of the Audit Committee meeting of 17 January 2018 (report ref: AUD 06/18)

- 5.1 The Committee received the draft minutes from its meeting held on 17 January 2018.
- 5.2 The Committee agreed the following amendments to the minutes:-
 - paragraph 5.5 delete small from 'small deficit';
 - paragraph 5.7 amend 'budget cuts' to 'savings and efficiencies';
 - paragraph 5.9 amend 'advised' to 'expressed a view'. Delete the last sentence of the paragraph;
 - paragraph 5.15 amend 'register transfers' to 'redundancies';
 - paragraph 5.16 delete 'long term' from last bullet point; and
 - paragraph 5.16 third bullet point delete 'budget' from 'greater budget accuracy' and add 'in budgets' to the end of the point
- 5.3 The Committee agreed the minutes subject to the amendments set out in paragraph 5.2.

Item 6. Social Work Risk Register (report ref: AUD 12/18)

- 6.1 The Committee received a paper from the Executive.

6.2 The Committee noted the following points:-

- the consultation on the legislative framework and regulations for Social Work England closes on 21 March 2018. Following this the legislation will need to be scrutinized and passed by Parliament;
- the HCPC will respond to this consultation;
- the Chair for Social Work England has been advertised and interviews have taken place. However no announcement has been made on an appointment. A Chief Executive will be recruited for when the appointed Chair is able to contribute to recruitment; and
- the Department of Health and Social Care (DoHSC) has agreed in principle to funding of £2.4 million to cover the costs to the HCPC of the transfer.

6.3 The Committee noted that the HCPC has not incurred any additional invoiced costs to date. Members of the Executive have spent time on the issue but this is part of the HCPC's legislative duty to cooperate with the DoHSC.

6.4 The Committee discussed how the HCPC will manage the risk of its costs not being reimbursed. It was noted that an agreement will be signed and invoicing will occur on a month by month basis, limiting exposure if funds are not reimbursed as expected.

6.5 The Committee discussed the risk of HCPC's relationship with DoHSC being damaged by an inability to deliver on time (S.1.6), and the broader reputational risk. It was noted that the HCPC's relationship with the Department of Education is less developed than that with the DoHSC. The Executive's concerns about cost and timescale of the project are noted in the minutes of meetings with the departments.

6.6 In response to a question the Chief Executive considered the biggest risk as a result of the transfer is the large scale non-payment of renewal fees by social workers, wary of a repetition of being required to pay fees twice in one year as happened when the GSCC closed. This would represent a public safety issue as the HCPC would be required to remove these registrants for non-payment and they would not transfer over to Social Work England. This would result in workforce shortages or unregistered social workers on a large scale. It was noted that a communications plan is in development to mitigate this risk and when more detail about the transfer is known a communications campaign will initiate.

6.7 The Committee noted the social worker risk register and requested that the Executive update the register to take into account the recent developments.

- Action – Executive June 2018

Item 7. Internal Audit - Cyber Security (report ref: AUD 07/18)

- 7.1 The Committee received a paper from the Internal Auditor.
- 7.2 During discussion the Committee noted the following points:-
- though not part of the initial 2017-18 Internal Audit Plan, the review was carried out at the request of the Audit Committee due to recent high profile attacks on public bodies;
 - the objective of the review was to assess whether the HCPC's policies, processes, procedures and controls in relation to Cyber Security are sound and effective. The review focused on the technical aspects and configurations of HCPC's cyber security controls;
 - as a result of the review, the Internal Auditor's opinion is that the HCPC's cyber security arrangements appear to be well developed and managed in a risk-based manner; and
 - three medium and five low priority audit findings and recommendations emerged from the review. These were process and policy based rather than weaknesses in technical protections.
- 7.3 The Committee discussed how best to have ongoing cyber security assurance, noting that cyber security is included in the developing strategic risk register and any new developments consider cyber security. A periodic report or deep-dive may meet needs. It was noted that cyber security is often considered at board level for larger organisations. The Committee agreed that the Council should be prompted to consider its assurance needs in this area.
- Action – To be highlighted to Council March 2018
- 7.4 In response to a question, the Executive stated that the review had been positive and a useful exercise to prepare for the annual ISO27001 re-certification audit due to take place in April 2018.
- 7.5 The Committee noted that good practice in this area is shared between the regulators through regular special working groups, with specific threat responses being shared and utilised.
- 7.6 The Committee noted the report, agreeing positive assurance could be gained from its findings.

Item 8. 2017-18 Internal Audit progress update (report ref: AUD 08/18)

- 8.1 The Committee received a paper from the Internal Auditor.
- 8.2 The Committee noted recent progress in the 2017-18 Internal Audit plan. There had been some issues with personnel changes at Grant Thornton

which impacted on delivery of the plan. Grant Thornton provided assurance that these issues were now resolved and that the plan would be completed by the Committee's June 2018 meeting. Final reports of the remaining audits will be sent to the Committee when they are available.

8.3 The Committee noted the report.

Item 9. Internal Audit Plan 2018-19 (report ref: AUD 09/18)

- 9.1 The Committee received a paper from the Internal Auditor.
- 9.2 The Committee noted that the views of the Executive Management Team were sought in developing the plan, along with discussion with the Audit Committee Chair and Grant Thornton's experience with other similar organisations.
- 9.3 The Committee agreed that the review of strategic and operational planning should be initiated first. It was noted that the day rate cost of the review is higher due to the planned use of more senior auditor resource. This need is based on Grant Thornton's experience in reviewing this area for other regulators.
- 9.4 The Committee discussed the proposed review 'fee increase and/or withdrawal of the graduate discount'. It was agreed that this should be referred to as a review of fee levels as Council has not come to a conclusion on the issue of fees.
- 9.5 The Committee noted that the Council will consider a fees 'principles' paper in July 2018. Dependent on that discussion a further more detailed paper would be brought to the Council's meeting in September 2018 for approval. It was agreed that the Internal Audit review of fee levels should aim to be included as an appendix to that paper should it go ahead.
- 9.6 The Committee discussed whether mechanisms are in place to ensure an appropriate culture across the HCPC. It was noted that this had been an area of media focus and that conduct regulators are particularly vulnerable to reputational damage as a result of poor practice. The Committee agreed that this should not be an internal audit review in the first instance, as HCPC HR could report on actions and outcomes. Grant Thornton offered to share internal expertise in this area with HR. The Committee agreed to take Council's view on whether an in depth review is required and whether by the Committee or Council.
- Action – To be highlighted to Council March 2018
- 9.7 The Committee agreed that a review of the 186 Kennington Park Road project delivery might be included in the 2018-19 internal audit plan, to be decided after Council's consideration in March 2018.
- Action – Audit Committee June 2018

9.8 The Committee requested that the plan be updated with expected delivery quarters in the year as the value of some audits will be dependent on when the work is carried out. It was agreed this would be included in the progress report at the June 2018 Committee meeting.

9.9 The Committee agreed the internal audit plan for 2018-19.

Item 10. External Audit Plan 2017-18 (report ref: AUD 10/18)

10.1 The Committee received a paper from the Executive

10.2 During discussion the Committee noted the following points:-

- the audit timetable is similar to previous years, but the approach differs because of the appointment of haysmacintyre as the Council's external auditor, alongside the NAO;
- as this is their first year as the HCPC's External Auditors, haysmacintyre will be undertaking additional initial work and testing to gain assurance on the HCPC's systems;
- haysmacintyre will seek to gain assurance from the Internal Auditor's review of core financial controls if the completion of this review allows;
- haysmacintyre and the NAO have agreed protocols to ensure effective working on areas such as FREM reporting;
- haysmacintyre will report to the Audit Committee all audit differences in excess of £30,000, as well as differences below that threshold that warrant reporting on qualitative grounds;
- NAO will include the impact of the establishment of Social Work England in its consideration of going concern;
- engagement letters with the two auditors are included as an appendix to the paper; and
- haysmacintyre's fee for the audit is £19,995 plus VAT, the NAO fee is £5,000.

10.3 The Committee discussed the reference in the NAO's audit plan to the NAO possibly engaging their own valuation expert to assist with the audit of the expected valuation of 186 Kennington Park Road. NAO explained that the Financial Reporting Council had expressed the view that External Auditors may not have the expertise to appropriately challenge valuation decisions, and that this is the reason an independent expert might be commissioned. The HCPC will keep NAO informed to minimise this need.

- 10.4 The Committee noted the NAO's assessment of risk of fraud. The Committee agreed that this assessment was in line with its own views on this risk. The Committee confirmed that it had no knowledge of any actual, suspected or alleged fraud.
- 10.5 In response to a question, haysmacintyre and NAO confirmed that the timetable allowed for their management reviews before the accounts are considered by the Council for approval.
- 10.6 The Committee noted the external audit plan for 2017-18.

Item 11. Strategic risk workshop outputs (report ref: AUD 11/18)

- 11.1 The Committee received a paper from the Executive
- 11.2 The Committee noted that following the strategic risk workshop, held on 5 February 2018, the Executive have summarised the broad risk areas agreed on.
- 11.3 The Committee agreed that formal mapping of the current risk register to the strategic risks identified is not required and that the strategic risk register should be a separate document, with detail of the strategic risks developed afresh.
- 11.4 The Committee requested that the Head of Business Process Improvement be provided with Executive Management Team steer and support in developing the strategic risk register for presentation in June 2018. Committee member Sue Gallone agreed to provide advice on a draft strategic risk register between Audit Committee meetings if required.
- 11.5 Grant Thornton agreed to provide anonymised examples of other organisation's strategic risk registers to give an indication of content depth and presentation.
- 11.6 The Committee noted the paper.

Item 12. Business Process Improvement report (report ref: AUD 13/18)

- 12.1 The Committee received a report from the Executive on the recent activity of the Business Process Improvement function.
- 12.2 The Committee discussed recent near miss events. It was noted that a data incident reported to the ICO had been closed without regulatory action. The Committee discussed how data incidents are reported noting that the Council receive an annual information governance report along with exception reporting for serious incidents.
- 12.3 The Committee noted the report.

Item 13. BSI ISO10002 audit report (report ref: AUD 14/18)

13.1 The Committee received a paper from the Executive

13.2 The Committee noted that the HCPC has been recertified to ISO standard for customer service ISO10002.

14. Any other business

14.1 There was no further business.

15. Date and time of next meeting:

15.1 Tuesday 12 June 2018

Chair.....

Date.....

Unconfirmed