

Council, 25 November 2021

Unconfirmed minutes of the Audit and Risk Assurance Committee meeting of 10 November 2021

Committee Chair's summary to Council

The Committee met on 10 November. This was a short meeting as the audit of the annual report and accounts is ongoing. It is hoped that the auditors will have completed their work in time for the Committee to review the accounts and the auditors' reports on 3 December, before making a recommendation to Council on 6 December. However, the timescale is tight for NAO. The Committee discussed how reputational issues would be managed if it is not possible to lay HCPC's accounts in December.

The grading of strategic risks has been changed to be in line with operational risks. This provides for more granularity. As part of the risk agenda item, the Committee discussed registration processing risks with the Executive Director of regulation. Reference was made to operational risks, and this gave the Committee a fuller and more rounded view of the issues.

There were no internal audit reports at this meeting. BDO had drawn attention to guidance on data privacy and the Committee will take a deep dive into this area in March 2022.

The Committee considered the regular Internal Assurance report, asking for more justification of a single tender. We look forward to a more cohesive Internal Assurance report to bring together the various assurances at the March 2022 meeting.

Sue Gallone, Chair of the Audit and Risk Assurance Committee

Audit and Risk Assurance Committee

Public minutes of the 81st meeting of the Audit and Risk Assurance Committee held on:-

Date: Wednesday 10 November 2021

Time: 1pm

Venue: MS Teams

Present: Sue Gallone (Chair)
Julie Parker
David Stirling
Kathryn Foreman
Pameleta Ricketts

In attendance:

Ewan Shears, Secretary to the Committee
Claire Amor, Head of Governance
John Barwick, Chief Executive and Registrar
Andrew Smith, Executive Director of Regulation
Naomi Nicholson, Executive Director of Professional Practice and Insight
Kathryn Burton, Haysmacintyre
Bill Mitchell, BDO LLP
William Jennings, BDO LLP
Gareth Roberts, National Audit Office (NAO)
Andrew Ferguson, National Audit Office (NAO)
Anna Raftery, QA Lead
Roy Dunn, Chief Information Security and Risk Officer
Gordon Dixon, Financial Consultant

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the 81st meeting of the Audit and Risk Assurance Committee and noted that there would be an additional meeting of the Committee on 3 December 2021 to consider the Annual Report and Accounts only.

Item 2. Apologies for absence

- 2.1 No apologies for absence were received.

Item 3. Approval of agenda

- 3.1 The Committee approved the agenda.

Item 4. Declarations of members' interests

- 4.1 No interests were declared.

Item 5. Minutes of the Audit and Risk Assurance Committee meeting of 16 September 2021 (report ref: ARAC 41/21)

- 5.1 The Committee noted minor typographical issues that the Secretary to the Committee would amend.
- 5.2 The Committee approved the minutes of the meeting of 16 September 2021 subject to the amendments above.

Item 6. Private minutes of the Audit and Risk Assurance Committee meeting of 16 September 2021 (report ref: ARAC 42/21)

- 6.1 The Committee noted that the timetable presented in the private paper had not been approved and that a subsequent timetable was approved outside of the meeting.
- 6.2 The Committee approved the private minutes of the meeting of 16 September 2021.

Item 7. Matters arising (report ref: ARAC 43/21)

- 7.1 The Committee noted this item.

Item 8. Strategic Risk Register (report ref: ARAC 44/21)

- 8.1 The Committee received the report from the Executive which included the latest iteration of the Strategic Risk Register (SRR) and a new summary narrative to explain any changes. The Committee welcomed the narrative section.
- 8.2 The Committee noted that, following a recommendation from the HCPC's Internal Auditors, the Executive has adopted the same risk scale used in the new operational risk register, for strategic risks. This made the relationship between operational risks and strategic risks closer and the Committee welcomed the more nuanced risk levels.
- 8.3 The Committee discussed the wording used to describe the current position of a risk in relation to its target and agreed that a formal scale would not necessarily be helpful, and that the wording should remain open for the Executive to choose.
- 8.4 The Committee welcomed the balanced approach the leadership team were taking to assessing and reducing risks at a sensible rate, allowing for changes to be embedded.
- 8.5 In relation to SR2 the Committee cautioned that the timing of the programme of employer events planned for Q4 2021-22 should be kept under review, given the potential for further sector pressures as a result of another winter spike in COVID cases. The Executive assured the Committee that it would be, and that they were alive to pressure spikes for this group of stakeholders.
- 8.6 In relation to SR5 the Committee suggested that consideration should be given to increasing the current risk likelihood score from 3 (unlikely) to 4 (possible). The Executive agreed to review this score for the next iteration.
- 8.7 The Committee noted that planned mitigations in relation to the ongoing External Audit issues should be reflected in SR5. The Executive provided a brief verbal update of the work being undertaken in this area with the External Auditors, noting this would be covered in a later item in the meeting (Item 10).

Risk related to registration performance

- 8.8 The Executive Director of Regulation provided a verbal summary of some of the issues and work undertaken in relation to the Registration department, drawing on some of the related operational risks. The Committee noted the following points:
- The ability to deal with spikes in demand had become an issue during the summer, seeing a 22% rise in UK applications at a time when the department was already naturally busy. This spike might

be attributed to those moving from the temporary to the main Register along with those who had deferred registering due to the pandemic seeking registration;

- there was a 65% increase in international applications between January and September, which was a significant increase in pressure on the department;
- during the months of July, August and September the department slipped outside of the 10-day service standard for UK applications. Since October, the department was back within this service standard;
- 2021 was the first time people were renewing their registration using the new online system and renewal rates were in line with previous years. Over 98% of renewals were completed online;
- the data from renewals so far suggested that the pandemic had not resulted in registrants looking to retire early or change professions;
- readmissions remained within service standard in 2021 and work was being done to recognise the reasons for lapsing from the Register and to simplify the process to get back on to the Register for some cases;
- the main area of concern was in relation to international applications where the service standard to provide an initial decision from receipt is 60 days, and the department was currently over this at 90 days. However, the stabilisation in other areas of the department, had allowed for a recent reallocation of resource to tackle the growing volume of international applications;
- international applicants would soon be able to apply online which would speed up the initial waiting time and improve customer service and efficiency. The Executive assured the Committee that the resourcing was monitored for any predicted future increase in demand on Registrant Assessors;
- the current online renewal system relied on one up to date email address, which meant that in some cases where people could not remember which email address had been used, or in some cases where people's email addresses were no longer valid, the registrant had to call and/or email the department to resolve this. This placed a high burden on the department which was not set up as a dedicated contact centre. The Committee was assured that a lot of work was done over the autumn with communications and professional bodies to be clear on the renewal process; and that work was in progress with IT providers to find a solution to allow individuals to resolve account issues themselves without needing to contact the HCPC;

- renewal rates were monitored daily and that if there was an indication that they were falling against previous rates, targeted messages were sent to those who had started the process but not yet completed their renewal. The Executive noted that more could always be done and that as the HCPC became more data driven improvements would be seen; and
- the employment of temporary workers had been required due to a high staff turnover in data entry roles, however, as the department transitioned to more automation, staff would be able to focus on working in areas with more value-add activities. The Executive welcomed an offer from a Committee member to share offline their experience and approach to recruitment to similar roles.

8.9 A Committee member highlighted that the Communications team had been excellent at responding to issues raised on social media, to which the Committee were in agreement.

8.10 The Committee thanked the Executive Director of Regulation for the verbal update noting that the new approach to linking Strategic Risks to Operational Risks had added context and drilled down to what was happening within the department.

Item 9. Annual report and Accounts and External Audit 2020-2021 update

9.1 The Executive provided a verbal update to the Committee on the progress towards approval of the Annual Report and Accounts. The Committee noted the following:

- following the work undertaken with Haysmacintyre, the first series of queries had been received from the NAO which were being addressed. Indications so far provided some assurance that the tight timetable could be met;
- the narrative part of the Annual Report and Accounts would be reviewed separately at the Council meeting of 25 November 2021. This draft would also be shared with the Independent Committee member; and
- special Committee and Council meetings were scheduled for 3 December and 6 December 2021 respectively, to review and sign off the final accounts along with the external audit reports from Haysmacintyre and the NAO.

Item 10. External Audit 2020-2021 update

10.1 Haysmacintyre provided a verbal update to the Committee and noted there was one outstanding query that was with them for testing.

Haysmacintyre stated that they were satisfied with income, and that deferred income was not materially misstated, and have passed on their audit work to the National Audit Office (NAO). Haysmacintyre noted there were three main areas to complete which were:

- a review in conjunction with the NAO of the annual report alongside the accounts;
- finalising the review of going concern and cash flow forecasts; and
- subsequent events up until the date of sign off.

- 10.2 Haysmacintyre noted the timetable was tight, but were confident this could be met, subject to the number of queries from the NAO and writing the final report.
- 10.3 The NAO noted it was still early on for their work, but were working with 'best endeavours' to meet the proposed timetable. The timetable was tighter than they would normally agree to, and the Executive acknowledged this.
- 10.4 The Committee noted the deadline for laying the accounts was 13 December 2021. Failure to lay the accounts before Christmas as required by the Health Professions Order, would not result in any fine but would be a concern to the HCPC as a reputational risk.
- 10.5 The Executive noted that there was regular dialogue with the DHSC who were aware of some of the challenges the HCPC has had with systems implementation. Should there be further challenges with the laying of the accounts, the DHSC and the Privy Council would be kept informed of the position.
- 10.6 The Committee acknowledged and thanked Haysmacintyre and the NAO for the extra efforts being made to work with the timeline. The Committee would look to reflect on lessons learned following the completion of the audit, and acknowledged the work already undertaken by the Executive regarding this.

Item 11. Internal Audit Plan 2021-22 progress update (report ref: ARAC 43/21)

- 11.1 The Committee received the Internal Audit Plan 2021-22 progress update report, and its contents were noted.
- 11.2 BDO confirmed to the Committee that as part of the Audit Plan, a review of registration payments processes would include some of the lessons learned in relation to some of the issues experienced during the External Audit.

- 11.3 The Committee noted Appendix 1 of the report that was in relation to data privacy considerations and agreed that for the next full Committee meeting a deep dive discussion should be focussed on this topic, and on information governance. **Action Executive**
- 11.4 The Committee noted Appendix 2 of the report that set out BDO's draft questions for their proposed performance questionnaire. This would be distributed as part of a follow up to the conclusion of individual audit work.

Item 12. Internal Assurance Report (report ref: ARAC 44/21)

- 12.1 The Committee received and noted the report from the Executive.
- 12.2 The Head of Governance noted the review was progressing to establish a joined-up approach to assurance and develop the HCPC assurance framework based on the update of the three lines model. A new report format would be presented to the Committee in March 2022.
- 12.3 The Committee noted paragraph 13.1 that referred to a serious incident report. The Chief Information and Security Risk Officer provided assurance to the Committee that this was a resolved issue with a third-party supplier, and that the Executive was alive to any potential of it reoccurring.
- 12.4 The Committee noted paragraph 17.1 in relation to single source tenders and agreed to receive more information about the reasons outside of the meeting. **Action Executive**

Item 13. Internal audit recommendations tracker (report ref: ARAC 45/21)

- 13.1 The Committee noted the item.

Item 14. Committee forward work plan (report ref: ARAC 46/21)

- 14.1 The Committee noted the item.

Item 15. Any other business

- 15.1 There was no other business.

Item 16. Date & time of next meeting(s):

- 16.1 Friday 3 December 2021, 12pm
Tuesday 8 March 2022, 1pm
Thursday 9 June 2022, 1pm

Wednesday 14 September 2022, 1pm
Thursday 10 November 2022, 1pm

Chair.....
Date.....

Unconfirmed