

Council, 30 November 2023

Unconfirmed minutes of the Audit and Risk Assurance Committee meeting of 15 November 2023.

Committee Chair's summary to Council

The meeting was preceded by a private session with ARAC members and another session where auditors joined us. ARAC were keen to understand the delay to the audit of the Annual Report and Accounts. All points arising were also discussed in the main meeting.

The revised risk appetite has now been reflected in the Strategic Risk Register, with only two areas recorded as above risk appetite, data and resources. Strategic risks will be updated soon in line with the new business plan but are reviewed regularly by ELT and the Chief Executive confirmed those were the key areas.

There were three internal audit reports for ARAC to consider, that on IR35 and payroll providing limited assurance, reviews of aspects of partners and policy development resulting in medium assurance. Limited assurance arose in the main due to there being no formal training regarding IR35 and incomplete records of off-payroll working. While there are few contractors under these arrangements, it is an important area and steps have already been taken to rectify this.

ARAC were pleased to hear that the audit of the Annual Report and Accounts is almost complete, after delays caused by the need to review and report the changed treatment of debtors and deferred income arising from registration fees being paid in advance. The auditors' technical teams were involved and it had been difficult for auditors to schedule in the work required at this time. No additional work arose. An unqualified opinion is expected, with laying on 13 December. The final version of the Annual Report and Accounts and the Audit Completion Report will be reviewed by ARAC when ready.

ARAC received the annual review of feedback and complaints, noting improvements although there are still issues about communication and transparency. Tone of voice work should help.

The Unified Assurance Report offers medium assurance with areas of further work clearly identified.

Sue Gallone, Chair of the Audit and Risk Assurance Committee

Audit and Risk Assurance Committee

Public minutes of the 91st meeting of the Audit and Risk Assurance Committee held on:-

Date: Wednesday 15 November 2023

Time: 2.30pm

Venue: MS Teams

Present: Sue Gallone (Chair)
David Stirling
Graham Masters
Damien Baker

In attendance:

Ewan Shears, Secretary to the Committee
Bernie O'Reilly, Chief Executive and Registrar
Claire Amor, Executive Director of Corporate Affairs
Alastair Bridges, Executive Director of Resources
Andrew Smith, Interim Deputy Chief Executive
Karen Flaherty, Head of Governance
Anna Raftery, Head of Assurance and Compliance
Roy Dunn, Chief Information Security and Risk Officer
Bill Mitchell, BDO LLP
Heather Buckingham, BDO LLP (Item 8)
Kathryn Burton, Haysmacintyre
Oliver Evatt, National Audit Office, NAO
Gareth Roberts, NAO
Paul Robson, Service and Complaints Manager (Item 12)
Oore Fabunmi, Registration Advisor (observing)

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the 91st meeting of the Audit and Risk Assurance Committee and extended a special welcome to HCPC's new Chief Executive and Registrar and the new Head of Governance, attending their first Committee meeting. Those present were invited to introduce themselves.

Item 2. Apologies for absence

- 2.1 Apologies were received from Lianne Patterson.
- 2.2 No further 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 20 September 2023 (report ref: ARAC 45/23)

- 5.1 In response to a question the Executive confirmed that as recorded in paragraph 7.4 of the minutes, the HCPC's external professional liaison consultants would be presenting to Council at its next meeting on 30 November 2023.
- 5.2 The Committee approved the minutes of the meeting of 20 September 2023.

Item 6. Matters arising (report ref: ARAC 46/23)

- 6.1 The Committee noted this item.

Item 7. Strategic Risk Register (report ref: ARAC 47/23)

- 7.1 The Committee received the latest iteration of the Strategic Risk Register (SRR) from Head of Assurance and Compliance and noted the changes as set out in the report and that the new risk appetite had been reflected in this iteration of the register.

7.2 The Committee noted the reduction of risk score for SR5, from a significant to medium risk. Following comments from the Committee, the Executive agreed that the wording relating to the current legal position on partners' employment status should be reviewed for consistency with the annual report and accounts and kept under review. Some other risk influencers which were no longer current were to be removed. ACTION

7.3 In response to a question, the Executive provided the Committee with further information in relation to the review of the international application process and pilot, which included the following:-

- the introduction of software to detect plagiarism in applications;
- the introduction of a new course information form with a refreshed structure to assist international applicants in providing evidence of their relevant training and experience to the HCPC;
- the introduction of a new international assessment feedback form that was mapped clearly to the standards of proficiency for improved transparency of decision making by assessors (Partners); and
- that international application reviews and further training for Partners were also being run as part of the pilot over the next period.

The Committee welcomed the developments noting they should help international applicants in demonstrating to the HCPC the information required for registration and have a positive impact on the need for some registration appeals.

7.4 In response to a question relating to SR3, the Executive clarified that the single point of failure for performance data, referred to an individual who had moved from the FtP team to the Insight and Analytics team and had continued to produce monthly FtP management reporting. Resourcing was being considered, depending on the budget available, to develop the team and progress the automation of FtP reporting.

7.5 In response to a question in relation to SR6, the Executive noted that the default position for the funding of increased costs associated with regulatory reform would be for the regulator to meet, however, that did not prevent the HCPC from exploring options with the DHSC.

7.6 The Committee noted that other than for data and resources most areas appeared to be in line with the risk appetite. The Committee was assured by the Executive that the risks were regularly reviewed, and they expected to see some new key risk areas appearing in the coming iterations of the SRR and as the business plan developed.

Item 8.i. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - HCPC Partners (report ref: ARAC 48/23)

- 8.i.1 The Committee received a report from the HCPC's Internal Auditors BDO LLP and noted the objective of the audit was to provide assurance over the payment processes and the quality processes for CPD decisions and the contract lifecycle. BDO reviewed the policies and procedures that related to payment processes across each relevant HCPC department.
- 8.i.2 The Committee noted the report and that it had received a moderate rating for the design and effectiveness of the controls in place to manage partners in these areas. BDO explained that the issues with partner payments referred to in the report were in relation to the ease of tracking payments, and they had not identified any inaccuracies.
- 8.i.3 The Committee suggested that in respect of finding 2, setting guidance on how long a CPD assessment should take would be challenging and that it was also important to factor in the quality of the assessment being made. The Committee asked to see more developed management responses as they were added to the internal audit recommendations tracker and encouraged actions to be assigned to specific owners.
ACTION

Item 8.ii. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Regulatory Policy Development (report ref: ARAC 49/23)

- 8.ii.1 The Committee received a report from the HCPC's Internal Auditors BDO LLP and noted the purpose of this review was to assess the work that the Policy team had completed to date, on developing a framework for managing consultations. BDO used best practice guidance and undertook a gap analysis to identify whether there were any improvements required in the processes that the team proposed to establish. BDO also assessed whether HCPC anticipated the resources required for likely future demands for policy development work.
- 8.ii.2 The Committee noted the report and that it had received a moderate rating for the design and operational effectiveness of the HCPC's arrangements in place in relation to these aspects of regulatory policy.
- 8.ii.3 The Committee welcomed the alignment of risk assessments for consultations to the strategic risk register and noted that opportunities should also be identified and recorded regarding external consultations.
- 8.ii.4 The Committee suggested that a future deep dive discussion should be planned to explore how risk appetite was used in practice in decision making. ACTION – add to forward plan

Item 8.iii. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Payroll and IR35 (report ref: ARAC 50/23)

- 8.iii.1 The Committee received a report from the HCPC's Internal Auditors BDO LLP and noted the purpose of the review was to provide assurance on the robustness of payroll and IR35 controls processes at the HCPC.
- 8.iii.2 The Committee noted the report and that the HCPC had control arrangements in place to manage payroll and IR35. However, there was one finding of high significance and other findings and the report provided a limited rating.
- 8.iii.3 In response to questions the Executive assured the Committee with the following points:-
- system access was regularly checked across HCPC systems, and in the case of employees leaving the organisation, access was completely removed to all HCPC systems automatically as a single point control measure; and
 - that in respect of staff wellbeing, there was oversight by senior management of any excessive working hours. Heads of departments approved overtime ahead of any extra work and monthly reports allowed close monitoring down to the individual level. Overtime had now significantly decreased from the previous financial year and the Executive was actively monitoring workloads (not just overtime) to ensure the right training and resources were in place to support the organisation and individuals alike; and
 - in respect of finding 1 of the report, a process was in place for the recovery of overpayments from employees and the Executive agreed to provide the clarification to BDO following the meeting.
- 8.iii.4 The Committee welcomed the completed work in relation to IR35 demonstrated by the management responses in the report and noted that as the number of contractors used by the HCPC was minimal, it was important to keep in mind IR35 requirements.

Item 8.iv. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit Progress Report (report ref: ARAC 51/23)

- 8.iv.1 The Committee received and noted the Internal Audit Plan 2023-24 progress update report from BDO LLP and welcomed the progress made.

Item 8.v. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Internal Audit Charter (report ref: ARAC 52/23)

- 8.v.1 The Committee received a paper from the HCPC's internal auditors BDO LLP. The Charter established internal audit's position within the Health

and Care Professions Council (HCPC). It defined the scope and limitations of internal audit activities and the relationship with the Audit and Risk Assurance Committee and Senior Management.

- 8.v.2 The Committee noted the report and that there had been no significant changes to the previous year's Charter. The Committee approved the annual Internal Audit Charter.

Item 9. Annual Report and Accounts 2022-23 update (verbal)

- 9.1 The Committee received a verbal update from the Executive and noted that the Annual Report and Accounts was substantially complete, subject to any final comments from the National Audit Office (NAO). The final report would be circulated to Committee members upon completion.
- 9.2 The Executive noted that revised timelines were agreed with the external auditors, and they were on track to meet the laying date of 13 December 2023. A lessons-learned exercise would follow as normal.

Item 10. External Audit 2022-2023 update (verbal)

- 10.1 The Committee received a verbal update from haysmacintre (HM) and the National Audit Office (NAO).
- 10.2 HM noted that they would be in a position to sign off the accounts once NAO had completed the review of their work. HM were comfortable with the revised timetable as agreed.
- 10.3 NAO noted that their review of HM's work was substantially completed and the amended Annual Report and Accounts had been sent for comment to the Private Office of the Comptroller and Auditor General.
- 10.4 NAO noted that delays had been brought about due to the complications with debtors and deferred income, the need to involve their technical teams, the nature of a two-tiered audit and by re-scheduled work running into periods of annual leave and other work commitments of key members of the audit team.
- 10.5 In response to a question, NAO assured the Committee that queries relating to debtors and deferred income were resolved and that they were confident in meeting the deadlines as set out by the revised and agreed timetable.

Item 11. National Audit Office Audit Completion Report on the 2022-23 Financial Statement audit – final report (report ref: ARAC 53/23)

- 11.1 The Committee noted that the final report was not yet completed and therefore not available for this meeting. It will be provided to the Committee in due course.

Item 12. Annual Review of Feedback and Complaints 2022-23 (report ref: ARAC 54/23)

- 12.1 The Committee noted the paper and agreed that it provided a helpful indication of HCPC performance.
- 12.2 In response to a question the Executive confirmed that the team who handled social media passed on any complaints and positive feedback to the Services and Complaints Manager, and they themselves regularly received positive feedback on their engagement with stakeholders.
- 12.3 The Executive confirmed that it was too soon to see any significant impact resulting from the tone of voice (correspondence) review, but future reports would be a good indication of progress, particularly in the areas of communication and transparency.
- 12.4 In response to a question, the Executive assured the Committee that work had been undertaken with the IT team to reduce the likelihood of HCPC's outgoing emails being filtered to external spam (junk email) folders. Registrants were reminded of the importance of keeping their contact details up to date and the registrations portal provided them with the tools to maintain this more easily themselves. If asked Registrants were also discouraged from providing work email addresses for correspondence use, as those addresses were the most likely to be changed as individuals changed employment, resulting in missed correspondence.
- 12.5 In response to a question, the Head of Finance agreed to report back to the Committee on service standards for refunds of registration fees, an area of complaint. ACTION

Item 13. Internal audit recommendations tracker (report ref: ARAC 55/23)

- 13.1 The Committee noted the paper.

Item 14. Committee forward work plan (report ref: ARAC 56/23)

- 14.1 The Committee noted the item.

Item 15. Any other business

15.1 There was no further business.

Item 16. Date and time of next meeting:

16.1 Wednesday 13 March 2023, 2pm

Item 17. Resolution

17.1 The Committee was invited to adopt one or more of the following:

‘The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which were being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee’s or Council’s functions.’

Item	Reason for Exclusion
18	H
19	H
20	H
21	H, C
22	H, C

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