

Agenda Item 26

Enclosure 25

**Health and Care Professions Council
06 December 2018**

**Minutes of the Audit Committee meeting of 20
November 2018**

To note

**From Sue Gallone, Chair of the Audit
Committee**

Council, 6 December 2018

Minutes of the Audit Committee Meeting 20 November 2018

Executive Summary

The Audit Committee (AUD) met on 20 November, 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.

Internal Audit reports

The Committee discussed recently issued internal audit reports relating to the PSA improvement plan and the Social Worker transfer project. Both reports were positive in their assurance with medium and low risk recommendations for improvement made.

Strategic risk register

The Council approved the register at its meeting in September 2018. The Committee received an updated register taking into account the agreed amendments made by Council. The Committee agreed to focus in depth on one risk at each future meeting.

External audit planning 2018-19

This report is considered every year in preparation for the initiation of the External Audit by haysmacintyre and the NAO. Assurance was given on co-working and the achievability of the timetable.

Financial regulations review

This item is on the Council's agenda for approval. The Committee agreed to recommend the reviewed financial regulations to council for approval subject to its agreed amendments.

Quality Assurance Department update

The Committee received an update on the establishment of the HCPC's new Quality Assurance (QA) Department. The Committee requested that in reporting to the Committee the Head of QA focuses on real benefit added as a result of QA department activity.

Social Worker Risk Register

This is a standing item as agreed by Council. It was noted that a number of new risks have been added to the register informed by frequent engagement with SWE. The Committee asked the Executive to consider if the transfer of social worker regulation should form a discreet risk in the strategic risk register.

The following papers were also discussed;

- Business Process Improvement report
- BSI ISO9001 audit report

Audit Committee

Public minutes of the 67th meeting of the Audit Committee held on:-

Date: Tuesday 20 November 2018

Time: 9:30 am

Venue: Room K, Health and Care Professions Council, Park House,
184 Kennington Park Road, London SE11 4BU

Present: Sue Gallone (Chair)
Eileen Mullan
Gavin Scott

In attendance:

Claire Amor, Secretary to the Committee
John Barwick, Executive Director of Regulation
Kathryn Burton, Haysmacintyre
Roy Dunn, Head of Business Process Improvement
Guy Gaskins, Executive Director of Resources and IT
Tiffany Gill, Grant Thornton
Jacqueline Ladds, Executive Director of Policy and External Relations
Paula Lescott, Head of Quality Assurance
Amy Manning, National Audit Office
Mike Newbury, National Audit Office
Paul Rao, Grant Thornton LLP
Tian Tian, Acting Director of Finance

Public

Item 1. Chairs welcome and introduction

1.1 The Chair welcomed the Committee and Executive to the meeting.

Item 2. Apologies for absence

2.1 Apologies were received from Julie Parker.

Item 3. Approval of agenda

3.1 The Committee approved the agenda subject to the consideration of the Internal Audit reports directly following matters arising.

Item 4. Declarations of members' interests

4.1 The Committee had no interests to declare.

Item 5. Minutes of the Audit Committee meeting of 4 September 2018 (report ref: AUD 46/18)

5.1 The Committee approved the minutes from its meeting held on 4 September 2018.

Item 6 - Matters arising (report ref: AUD 47/18)

6.1 The Committee received a verbal update on matter arising two from Haysmacintyre and the Executive confirming that the grant is outside the scope of VAT.

6.2 The Committee noted that the audit fee for the grant audit will funded by the grant.

6.3 The Committee noted those matters arising from the meeting held on 4 September 2018.

Item 7.i. Internal Audit - HCPC PSA Improvement Plan (report ref: AUD 49/18)

7.i.1 The Committee received an internal audit report from Grant Thornton LLP.

7.i.2 The Committee noted the following points:-

- the focus of the review was to provide assurance as to the governance arrangements in place for the FtP Improvement Plan Project;

- the review found that good project management and governance controls are in place; and
- two medium findings resulted from the review, these relate to resource allocation planning and keeping the communications plan up to date.

7.i.3 The Committee welcomed the review's findings and the overall positive assurance provided.

7.i.4 The Committee noted that the review did not seek to provide assurance on the delivery of the project. Grant Thornton advised that its recommendations were focused on keeping the momentum of the project going.

7.i.5 The Committee noted the report.

Item 7.ii. Internal Audit - Social Work Transfer Project (report ref: AUD 50/18)

7.ii.1 The Committee received an internal audit report from Grant Thornton LLP.

7.ii.2 The Committee noted the following points:-

- the review assessed whether the Transfer Project is being managed effectively to ensure that it remains on track to be delivered by September 2019;
- the review found that those delivering the project have a robust understanding of how the project will be delivered and have identified the key risks that will need to be managed. Documentation is detailed and comprehensive;
- one medium and one low finding resulted from the report; and
- the medium finding relating to the HCPC's project management guide was a known issue to the Executive and the recommendation has now been closed.

7.ii.3 The Committee discussed the Executive's response to the low priority finding relating to the project risk register, noting that this had been considered closed off. The Committee noted however, that the risks are being reviewed and this is not complete. It was agreed that the recommendation would not be considered closed and would be followed up during the annual review of recommendations progress.

Item 7.iii. Internal Audit progress report 2018-19 (report ref: AUD 51/18)

- 7.iii.1 The Committee received a report from Grant Thornton LLP.
- 7.iii.2 The Committee noted that good progress had been made on the 2018-19 internal audit plan. Planning discussions had been scheduled for the remaining audits in the plan.
- 7.iii.3 The Committee discussed the planned review of the 186 Kennington Park Road building project. It was noted that the terms of reference for the review are being developed and will be circulated to members for reference once issued.
- 7.iii.4 The Committee received assurance from Grant Thornton that the remaining days allocated in the internal audit plan were sufficient to deliver the remaining audits.

Item 8. Internal Audit recommendation tracker (report ref: AUD 52/18)

- 8.1 The Committee noted this item.

Item 7. Strategic Risk Register (report ref: AUD 48/18)

- 9.1 The Committee received a paper from the Executive.
- 9.2 The Committee noted that the register had been updated to incorporate recent feedback from Council and SMT.
- 9.3 The Committee discussed the mitigations for risk 4, noting that business continuity tests did not appear as a mitigation. The Executive advised that business continuity is covered in detail in the enterprise 'operational' risk register which feeds into the strategic register. The Committee agreed that business continuity planning should be referenced in the strategic risk register.
- 9.4 The Committee discussed how it would approach future consideration of the strategic risk register. It was agreed that one risk would be explored in detail at each meeting, with the relevant risk owner in attendance to discuss its links to the operational risk register.
- 9.5 The Committee welcomed the addition of progress commentary to the register. It was agreed that mitigations should include timescales for action and the person responsible for the mitigation.
- 9.6 The Committee discussed the register heat map. It was suggested that in developing the register, the Executive considers if changes in risk levels over time is more useful than the intrinsic to residual risk level change currently mapped.

Item 10.i. External Audit planning 2018-19 (report ref: AUD 53/18)

10.i.1 The Committee received a paper from the HCPC's External Auditors, Haysmacintyre and the National Audit Office (NAO).

10.i.2 The Committee noted the following points:-

- the planned timetable and approach is similar to last year;
- significant risks to be assessed are again fraud in revenue recognition and management override of controls; and
- the transfer of social worker regulation will be considered when reviewing management's evaluation of going concern

10.i.3 Mike Newbury introduced Amy Manning as the HCPC's new Engagement Director. He advised the Committee of a planned NAO briefing session for Audit Committees on 5 February 2019.

10.i.4 In response to a question Haysmacintyre and NAO confirmed they were confident that the audit would be delivered to the timescales required for the laying of the 2018-19 annual report.

10.i.5 The Committee noted the external audit plan for 2018-19.

Item 10.ii. Financial Regulations review (report ref: AUD 54/18)

10.ii.1 The Committee received a paper from the Executive

10.ii.2 The Committee noted the following points:-

- the financial regulations have been reviewed following an internal audit recommendation relating to Council approval of budget variations;
- it is proposed that Council approve the month 6 and 9 forecast during the year;
- management accounts will continue to be included within the Chief Executive's report at each Council meeting; and
- it is further proposed that if a singular, unplanned event would result in a financial impact that would exceed 1% of the total budgeted expenditure for the year, Council approval will be sought.

10.ii.3 In response to a question, it was noted that the proposal for 1% budget approval relates to revenue spending. The Committee agreed this should also apply to 1% capital spends. It was agreed that 1% was an

appropriate level to set, as a level of variance is to be expected through the budget year and this is managed by SMT on a month by month basis.

- 10.ii.4 The Committee discussed applying to 1% principle to each line of the budget, but it was agreed that this would not be recommended, as the Council needs to maintain a strategic focus and this level of operational control would be likely to impact on the agility of the organisation to respond to change.
- 10.ii.5 The Committee agreed that the point for Council approval should be 1% of revenue or capital budget or any other significant event. This would be for SMT's judgement as to which matters were deemed significant and needing Council approval.
- 10.ii.6 The Committee agreed to recommend the financial regulations to Council for adoption, subject to the amendments agreed by the Committee.

Item 11. Quality Assurance department update (report ref: AUD 55/18)

- 11.1 The Committee received a paper from the Executive.
- 11.2 The Committee notes the following points:-
 - activity to date has been focused on integrating the pre existing frameworks and processes into a central department and establishing its independence;
 - a review of the department has initiated in November. This will seek to learn from best practise in quality assurance; and
 - reporting has been reviewed for appropriate internal audiences and SMT are now receiving regular reports.
- 11.3 The Committee discussed the level of resource needed to deliver the quality assurance function. It was noted that now the team is at full complement, a clearer view will emerge of how much could be achieved within current resource. The Committee advised that audit activity should be led by need and not become burdensome for the regulatory departments. It was noted that the review of the department will take into account resourcing levels.
- 11.4 The Committee discussed the level of audit activity within the organisation, both internal and external. It was agreed that a holistic view of where assurance is gained needed to ensure resource is focused for the greatest benefit. It was suggested that this could form a subject for a Committee workshop session.
- 11.5 The Committee requested that future reports on the Quality Assurance function focus on the real value added to the organisation.

11.6 The Committee noted the report.

Item 12.i. Social Work Risk Register (report ref: AUD 56/18)

12.i.1 The Committee received a paper from the Executive

12.i.2 The Committee noted the following points:-

- in addition to the new risks listed in the presented risk register, 15 new risks have been added since the register was issued. These risks have emerged following increased communication with SWE as the project progresses and SWE employs key roles;
- some of the new risks are high risk and will appear in the top 10 risks in the next iteration the Committee considers;
- the risks in the project are unique as there are many factors the HCPC cannot control as external organisations have ownership; and
- risks are assessed by risk owners on a weekly basis and are considered at each project board meeting to assess if the risk scoring remains appropriate.

12.i.3 The Committee noted that SWE are undertaking a 'readiness review' on 27th November to determine if they will be ready for transfer in September 2019. The HCPC expects that SWE will share their conclusions following this review, but not the detail of the assessment. The HCPC has been clear in discussions with SWE that there is considerable risk to the HCPC of the transfer not going ahead to schedule.

12.i.4 The Committee requested that timescales and responsibilities be added to the mitigations in the register.

12.i.5 The Committee asked the Executive to consider if the transfer of social worker regulation should form a discreet risk in the strategic risk register.

12.i.6 The Committee noted that risks common to the HCPC and SWE will be reviewed for differences in approach following SWE's sharing of their risk register with the HCPC.

12.i.7 The Committee noted the register and agreed that significant change to the register should be circulated to Committee members ahead of the March 2019 Audit Committee meeting.

Item 12.ii. Business Process Improvement report (report ref: AUD 57/18)

12.ii.1 The Committee received a paper from the Head of Business Process Improvement.

- 12.ii.2 The Committee noted an increase in building security related incidents. The Committee discussed NMR71, relating to a break in to the office, noting the security improvements resulting from this incident.
- 12.ii.3 The Committee noted the completion rates for information security training for Council members and Partners. It was noted that an accelerated route is available to ensure training is completed, members yet to complete are being contacted to initiate this.

Item 12.iii. BSI ISO9001 audit report (report ref: AUD 57/18)

- 12.ii.1 The Committee noted this item.

13. Any other business

- 13.1 The Committee agreed that strategic risk 2 would be the focus of the next strategic risk register discussion.

14. Date and time of next meeting:

- 14.1 Tuesday 17 January 2019, 9.30 am

15. Resolution

The Committee is 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 are 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
16	C

Matters discussed in private session

- 16.1 The Committee approved the private minutes of the Audit Committee meetings of 5 September and 5 November 2018

Chair.....

Date.....

Unconfirmed