

Audit Committee – 16 March 2011

Explanation on difference between Netregulate and financial records

Executive summary and recommendations

Introduction

This paper is to provide explanation for the Audit Committee of the reconciliation difference between Netregulate and the Financial records.

Decision

The Committee is asked to note the paper no decision is required.

Background information

On a monthly basis, a reconciliation is prepared by the finance department to compare the records processed by Netregulate with the financial transactions held in Sage accounting package.

At the end of September the difference was £ 58,399. This can be seen in the September reconciliation extract show in Appendix 1, in the column headed: <1 year renewal – DD and in the row immediately under the TB row.

Appendix 1 shows the differences recorded for each month from September 2010 to February 2011. In summary these are:

September 2010	+£58,399
October 2010	-£58,752
November 2010	+£28,969
December 2010	+£41,074
January 2011	-£2,986
February 2011	-£5,068

The differences are in relation to an output report from Netregulate which does not affect the financial income reported through the accounts.

It is likely the differences are caused by the way Netregulate handles charges posted for new registrants for scrutiny fees.

An example of this would be where a charge is posted, which is removed at a date (such as scrutiny fee charge and the registrant decides to cancel their application), Netregulate posts this as a reverse charge, which is then posted to

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2011-03-07	a	F&R	PPR	Netregulate	Draft	Private
					DD: None	RD: None

the transfer report as income, which is incorrect. This should be shown as a reduction to income.

The proposed solution is to run some sample data in the test environment to verify how Netregulate handles such transactions.

If this is confirmed then a change request will be sent to Digital Step to modify the software.

We will keep the Audit committee, Internal and External Auditors informed of our progress.

Resource implications

Internal investigation time plus some development work by Digital Steps

Financial implications

Potential accounting adjustment.

Appendices

Appendix One – Copies of reconciliations from September 2010 to January 2011

Date of paper

7 March 2011

Sept 2010

G:\Finance\Operational Data\Management Accounts\2011\6. September 2010\Reconciliations and Journals\Income Recs\Deferred Income Schedule September 2010\Deferred Income lead

Health Professions Council
 Period ended 30th September 2010
 Summary of Deferred income
 By profession:

	Registration Fees £	Per Income spreading report (extracted from LISA)		Total per TB (Per LISA)		£	Total £
		Income Deferred < 1 year Renewal Cheques £	Renewal - DD £	Income Deferred > 1 year DD - 2 months in advance £	Renewal - Other inc chq £		
Registration Fees	423,186	-	-	-	-	-	423,186
Art Therapists AS	-	23,357	23,408		71,343	71,343	118,108
Chiropodists CH	-	158,650	231,305		351,244	351,244	741,200
Clinical Scientists CS	-	0	0		191,040	191,040	191,040
Dieticians DT	-	62,073	95,575		124,033	124,033	281,681
Biomedical Scientist MLT	-	36,028	221,349		338,034	338,034	595,411
Operating Departmental Practi ODP	-	20,014	87,008		77,568	77,568	184,589
Orthoptists OR	-	10,938	32,775		(2,267)	(2,267)	41,446
Occupational Therapists OT	-	23,816	145,003	940,169	478,938	1,419,107	1,587,926
Paramedics PA	-	81,818	395,932		12,501	12,501	490,251
Physiotherapists PH	-	253,236	208,176	1,286,221	680,679	1,966,900	2,428,312
Prosthetists & Orthotists PO	-	0	0		17,281	17,281	17,281
Radiographers RA	-	91,280	632,155		334,037	334,037	1,057,472
Speech & lang therapists SLT	-	0	0		545,501	545,501	545,501
Practitioner Psychologists PYL	-	336,760	108,551		11,604	11,604	456,915
Hearing Aid Dispensers HAD	-	61,497	13,933		74,736	74,736	150,166
	423,186	1,159,466	2,195,171	2,226,390	3,306,271	5,532,661	9,310,484
TB		3,354,637	3,296,238	-			
			58,399		per TB		9,252,086
							58,399

DD collections 2 month gap			
Fees OT	01/09/2010	£	940,169.00
Fees PH	01/09/2010	£	1,286,221.00
			<u>£ 2,226,390.00</u>

TB Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLS & DD collection 2m prior

* Manual journal entry at 30/9/2010 for £336,921 as contra should be in transfer report in Dec 2010

Oct 2010

Health Professions Council
Period ended 31st October 2010
Summary of Deferred income
By profession:

	Registration Fees £	Per Income spreading report (extracted from LISA)		Total per TB (Per LISA) (Balancing figure)		Total £
		Income Deferred < 1 year Renewal Cheques £	Renewal - DD £	Income Deferred > 1 year DD - 2 months in advance £	Renewal - Other inc chq £	
Registration Fees	413,319	-	-	-	-	413,319
Art Therapists AS	-	20,790	11,704	73,066	71,803	177,363
Chiroprodists CH	-	144,153	173,717		352,358	670,228
Clinical Scientists CS	-	34,272	112,480		8,304	155,056
Dieticians DT	-	55,429	63,765		125,985	245,180
Biomedical Scientist MLT	-	18,179	110,681	689,634	342,741	1,161,234
Operating Departmental Practi ODP	-	915	442	289,415	152,700	443,471
Orthoptists OR	-	10,133	26,169		(2,267)	34,036
Occupational Therapists OT	-	0	0		1,432,728	1,432,728
Paramedics PA	-	76,090	317,452		13,375	406,917
Physiotherapists PH	-	219,852	0		1,974,806	2,194,658
Prosthetists & Orthotists PO	-	12,819	19,285		(21,384)	10,720
Radiographers RA	-	73,759	506,155		341,072	920,985
Speech & lang. therapists SLT	-	136,686	296,970		9,257	442,913
Practitioner Psychologists PYL	-	297,043	54,238	336,921	13,212	701,414
Hearing Aid Dispensers HAD	-	1,282	(18)		74,964	76,228
	413,319	1,101,402	1,693,040	1,389,036	4,889,654	9,486,451
TB		2,794,442	2,853,194 (58,752)	-	per TB	9,545,203 (58,752)

DD collections 2 month gap			
Fees PSY	01/10/2010	£	336,921.00
Fees BS	01/10/2010	£	689,634.00
Fees OAP	01/10/2010	£	289,415.00
Fees AS	01/10/2010	£	73,066.00
			<u>£ 1,389,036.00</u>

TB: Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLs & DD collection 2m prior

Nov 2010

Summary of Deferred income
 By profession:

	Registration Fees £	Per Income spreading report (extracted from LISA)		Total per TB (Per LISA) (Balancing figure)		Total £
		Income Deferred < 1 year Renewal Cheques £	Renewal - DD £	Income Deferred > 1 year DD - 2 months in advance £	Renewal - Other inc chq £	
Registration Fees	526,579	-	-	-	-	526,579
Art Therapists AS	-	18,010	0		145,560	163,570
Chiropractors CH	-	129,200	115,824		353,231	598,255
Clinical Scientists CS	-	31,537	90,060		8,350	129,946
Dieticians DT	-	48,953	31,883	197,614	126,731	405,181
Biomedical Scientist MLT	-	0	0		1,038,320	1,038,320
Operating Departmental Practi ODP	-	0	0	12,077	125,572	137,649
Orthoptists OR	-	9,120	19,627		(2,153)	26,594
Occupational Therapists OT	-	288,882	762,755		131,576	1,183,213
Paramedics PA	-	68,994	238,089		14,955	322,038
Physiotherapists PH	-	185,592	1,035,690		685,978	1,907,260
Prosthetists & Orthotists PO	-	11,717	15,453		(21,232)	5,938
Radiographers RA	-	56,174	379,692		347,612	783,478
Speech & lang. therapists SLT	-	125,717	237,829		9,598	373,144
Practitioner Psychologists PYL	-	256,850	0		352,484	609,334
Hearing Aid Dispensers HAD	-	49,248	6,967		75,412	131,627
	526,579	1,279,993	2,933,869	209,691	3,391,993	8,342,125
TB		4,213,862	4,184,893		per TB	8,313,156
			28,969			28,969

DD collections 2 month gap			
Fees ODP	01/11/2010	£	12,077.00
Fees DT	01/11/2010	£	197,614.00
			<u>£ 209,691.00</u>

TB - Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLs & DD collection 2m prior

* dr 6101 cr 6101-113 for the value of £421,173 as ODP charges were processed in Nov instead of Dec 2010 - will reverse back in Dec 2010

Value made up as follows:

NON DD	£	98,116.00
DD	£	297,616.00
NON DD GR	£	10,450.00
DD GRAD	£	14,991.00
	£	421,173.00

Dec 2010

Health Professions Council
Period ended 31st December 2010
Summary of Deffered income
By profession:

	Per Income spreading report (extracted from LISA)			Total per TB (Per LISA) (Balancing figure)		£	Total £
	Registration Fees £	Income Deferred < 1 year Renewal Cheques £	Renewal - DD £	Income Deferred > 1 year DD - 2 months in advance £	Renewal - Other inc chq £		
Registration Fees	541,014	-	-	-	-	-	541,014
Art Therapists AS	-	15,165	58,108	-	2,269	2,269	75,542
Chiropodists CH	-	113,892	57,912	351,979	352,621	704,600	876,405
Clinical Scientists CS	-	28,494	67,545	-	8,688	8,688	104,727
Dieticians DT	-	42,226	0	-	324,495	324,495	366,721
Biomedical Scientist MLT	-	213,935	563,318	-	98,934	98,934	876,187
Operating Departmental Practi ODP	-	96,001	243,327	-	149,298	149,298	488,625
Orthroptists OR	-	8,309	13,161	-	(2,395)	(2,395)	19,075
Occupational Therapists OT	-	266,040	611,217	-	129,750	129,750	1,007,008
Paramedics PA	-	61,733	158,789	-	15,408	15,408	235,931
Physiotherapists PH	-	150,196	829,135	-	694,919	694,919	1,674,250
Prosthetists & Orthotists PO	-	10,545	11,590	-	(21,232)	(21,232)	903
Radiographers RA	-	38,057	253,153	-	350,416	350,416	641,626
Speech & lang. therapists SLT	-	114,507	178,391	-	9,064	9,064	301,962
Practitioner Psychologists PYL	-	215,087	270,623	-	33,029	33,029	518,739
Hearing Aid Dispensers HAD	-	43,225	3,490	20,543	75,336	95,879	142,594
	541,014	1,417,413	3,319,760	372,522	2,220,599	2,593,121	7,871,308
TB		4,737,173	4,696,099	-			
			41,074				
					per TB		7,830,233
							41,074

DD collections 2 month gap			
Fees CH	01/12/2010	£	351,979.00
Fees HAD	01/12/2010	£	20,543.00
			£ 372,522.00

TB: Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLS & DD collection 2m prior

Jan 2011

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Health Professions Council
 Period ended 31st January 2011
 Summary of Deferred income
 By profession:

		Per Income spreading report (extracted from LISA)			Total per TB (Per LISA) (Balancing figure)		Total £
		Registration Fees £	Income Deferred < 1 year Renewal Cheques £	Renewal - DD £	Income Deferred > 1 year DD - 2 months in advance £	Renewal - Other inc chq £	
Registration Fees		462,939	-	-	-	-	462,939
Art Therapists	AS	-	12,208	46,487		3,614	62,309
Chiropodists	CH	-	98,344	0		705,952	804,296
Clinical Scientists	CS	-	25,531	45,043		147,444	218,017
Dieticians	DT	-	35,727	158,903		126,894	321,524
Biomedical Scientist	MLT	-	198,540	451,364		99,465	749,369
Operating Departmental Practitioners	ODP	-	89,807	194,763		148,327	432,896
Orthoptists	OR	-	7,315	6,580	39,824	(2,547)	51,172
Occupational Therapists	OT	-	243,027	458,432		131,729	833,188
Paramedics	PA	-	54,238	79,401	500,744	14,070	648,453
Physiotherapists	PH	-	114,433	622,117		705,640	1,442,190
Prosthetists & Orthotists	PO	-	9,323	7,727		3,032	20,081
Radiographers	RA	-	19,282	126,570	822,075	350,954	1,318,881
Speech & lang. therapists	SLT	-	102,848	118,991		375,916	597,755
Practitioner Psychologists	PYL	-	173,792	216,524		36,488	426,804
Hearing Aid Dispensers	HAD	-	38,716	-		96,244	134,960
		462,939	1,223,130	2,532,901	1,362,643	2,943,222	4,305,864
	TB		3,756,031	3,759,018 (2,986)	-	per TB	8,527,821 (2,986)

DD collections 2 month gap			
Fees OR	04/01/2011	£	39,824.00
Fees RA	04/01/2011	£	822,074.50
Fees PA	04/01/2011	£	500,744.00
		£	1,362,642.50

TB :Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLs & DD collection 2m prior

Feb 2011

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Health Professions Council
 Period ended 28th February 2011
 Summary of Deferred income
 By profession:

		Per Income spreading report (extracted from LISA)			Total per TB		Total
					(Per LISA)	(Balancing figure)	
		Registration Fees	Income Deferred < 1 year		Income Deferred > 1 year		
	£	Renewal Cheques	Renewal - DD	DD - 2 months in advance	Renewal - Other inc chq	£	£
Registration Fees	389,667	-	-	-	-	-	389,667
Art Therapists	AS	-	9,232	34,865		4,845	48,942
Chiropodists	CH	-	82,175	288,103		352,276	722,554
Clinical Scientists	CS	-	22,472	22,521		147,168	192,161
Dieticians	DT	-	28,835	127,173		127,730	283,738
Biomedical Scientist	MLT	-	180,852	338,523		100,916	620,291
Operating Department Practitioners	ODP	-	82,080	146,091		148,740	376,911
Orthoptists	OR	-	6,308	0		37,239	43,547
Occupational Therapists	OT	-	218,107	305,817	931,469	(798,773)	656,620
Paramedics	PA	-	46,718	0		516,391	563,109
Physiotherapists	PH	-	76,947	414,821	1,341,639	(628,442)	1,204,965
Prosthetists & Orthotists	PO	-	8,157	3,863		3,390	15,411
Radiographers	RA	-	0	0		1,175,749	1,175,749
Speech & lang. therapists	SLT	-	90,746	59,495		375,858	526,099
Practitioner Psychologists	PYL	-	131,172	162,545		39,667	333,384
Hearing Aid Dispensers	HAD	-	31,223	17,258		76,271	124,753
		389,667	1,015,024	1,921,076	2,273,108	1,679,024	7,277,900
TB			2,936,101	2,941,169	-	per TB	7,282,968
				(5,068)			(5,069)

DD collections 2 month gap			
Fees OT	01/03/2011	£	931,469.00
Fees PH	01/03/2011	£	1,341,638.94
			£ 2,273,107.94

TB : Figures taken from nominal ledger accounts for each profession (6101/101-113)

Balancing Figure between NLs & DD collection 2m prior