

Audit Committee 29 September 2011

Internal audit report – Review of previous recommendations

Executive summary and recommendations

Introduction

Mazars have undertaken a review of recommendations from previous internal audit reports, in accordance with the internal audit plan agreed by the Committee in March 2011. The report is attached as an appendix to this paper.

Decision

The Committee is asked to discuss the report.

Background information

None.

Resource implications

None.

Financial implications

None.

Appendices

Internal audit report – review of recommendations.

Date of paper

12 September 2011.



Internal Audit Report

**Follow Up
(02.11/12)**

September 2011

FINAL REPORT

CONTENTS

| | Page |
|---------------------------------------|------|
| 1. Introduction | 1 |
| 2. Scope and objectives of the audit | 1 |
| 3. Summary of findings | 1 |
| 4. Definitions | 3 |
| 5. Action plan agreed with management | 4 |

AUDIT CONTROL SCHEDULE:

| | | | |
|---|--|---|---|
| Client contacts | Gary Butler: Director of Finance Marc Seale: Chief Executive and Registrar | Internal Audit Team | Peter Cudlip: Partner Graeme Clarke: Director Peter Williamson: Assistant Manager James Sherrett: Senior Auditor |
| Finish on Site \ Exit Meeting: | 17 August 2011 | Management responses received: | 19 September 2011 |
| Draft report issued: | 2 September 2011 | Final report issued: | 19 September 2011 |

In the event of any questions arising from this report please contact Graeme Clarke, Director, Mazars LLP graeme.clarke@mazars.co.uk

Status of our reports

This report is confidential and has been prepared for the sole use of the Health Professions Council.

This report must not be disclosed to any third party or reproduced in whole or in part without the prior written consent of Mazars LLP. To the fullest extent permitted by law, no responsibility or liability is accepted by Mazars LLP to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

1. INTRODUCTION

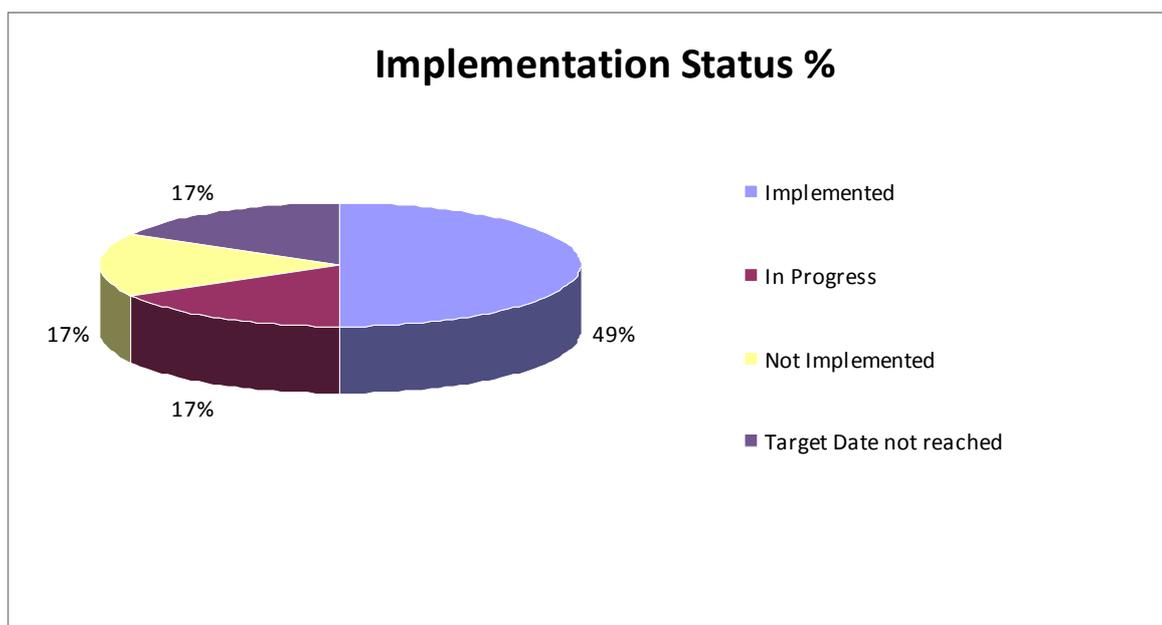
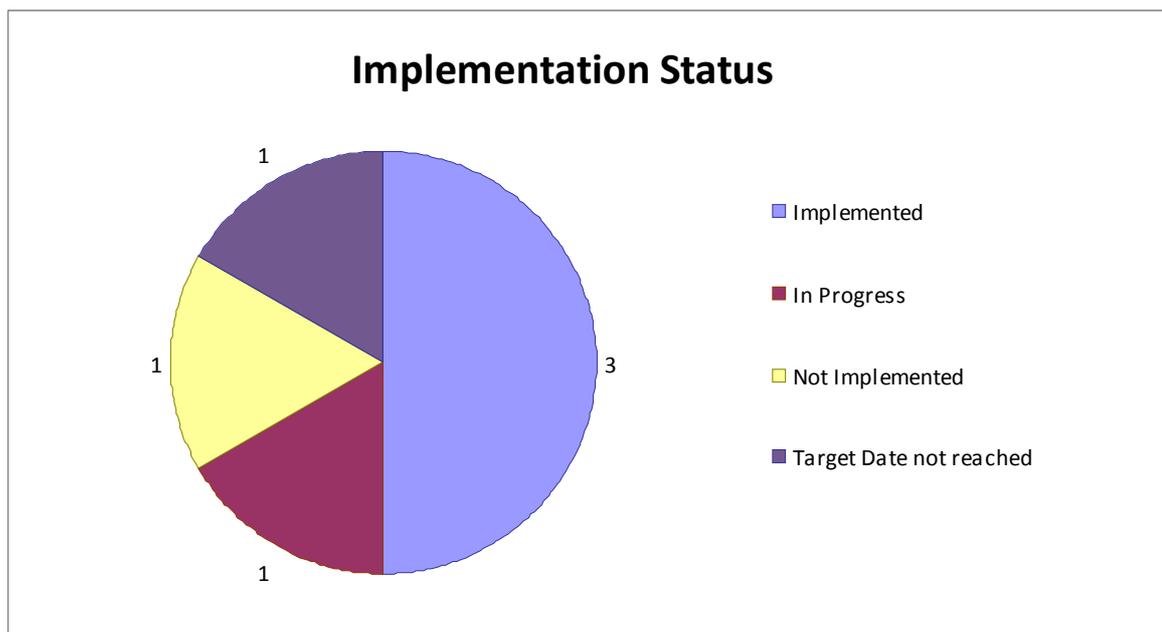
- 1.1 As part of the Internal Audit Plan for 2011/12 we have undertaken a review to follow up progress made by the Health Professions Council (HPC) in implementing internal audit recommendations made by the previous internal auditors during 2010/11.
- 1.2 We would like to thank staff at HPC for their assistance and help during the course of the audit.
- 1.3 This report is confidential and for the use of the Audit Committee and senior management of HPC. The report summarises the results of the internal audit work and is by exception. It therefore, does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.

2. SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 The audit areas considered as part of this follow up review included:
 - Human Resources Key Risk Management Review 2010/11;
 - Financial Systems Review 2010/11; and
 - Follow Up Review 2010/11.
- 2.2 Staff members responsible for the implementation of the recommendations were interviewed to determine the status of the agreed actions. Audit testing has been completed, where appropriate, to assess the level of compliance with this status and the controls in place.
- 2.3 Given the relatively low level of recommendations received in the past, HPC does not currently maintain an internal record for the monitoring of progress made in the implementation of its internal audit recommendations. A number of our clients maintain such mechanisms and we would be happy to work with HPC in developing such a process should it wish to do so.

3. SUMMARY OF FINDINGS

- 3.1 There were a total of six recommendations accepted by Management within the reports referred to in section 2.1 above. Within this review we have followed up progress on the implementation of five of the recommendations, two of which were categorised as 'Medium' and three categorised as 'Low'. At the time of our audit, the implementation date for one of the 'Medium' recommendations from the Financial Systems Review 2010/11 had not yet been reached as the deadline for implementing this recommendation is the end of September 2011.
- 3.2 Based on our review the status of implementation of these recommendations is as follows:



- 3.3 The one recommendation considered as 'in progress' was categorised as Medium. This relates to updating and approving the Human Resources Strategy.
- 3.4 The one recommendation classified as 'not implemented' was categorised as Low. This relates to the Council being provided with details of the number and type of health & safety incidents that have arisen at HPC at least once annually.
- 3.5 There was one recommendation where the target date has not yet been reached. Whilst it was not intended to follow up this recommendation, we were informed by management that the systems upgrades required to clear this recommendation would not be implemented until 2012/13, due to the need to focus on priorities such as upgrading the Case Management and Fitness to Practice system in preparation of taking on responsibilities relating to the General Social Care Council (GSCC).

4. DEFINITIONS

4.1 The status of recommendations are assessed as follows:

| Status | Detail |
|--------|---|
| 1 | The recommendation has been implemented |
| 2 | Progress has been made on implementation of the recommendation |
| 3 | The recommendation has not yet been implemented |
| 4 | Superseded: the recommendation is no longer applicable |
| 5 | The agreed date for implementation of the recommendation has not yet been reached |

4.2 Where we have reiterated recommendations or reworded them the following categories have been used:

| Priority Rating | Definition |
|------------------------------|--|
| Priority 1 (Fundamental) | Recommendations represent fundamental control weaknesses, which expose HPC to a high degree of unnecessary risk. |
| Priority 2 (Significant) | Recommendations represent significant control weaknesses which expose HPC to a moderate degree of unnecessary risk. |
| Priority 3 (Housekeeping) | Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. |

5. DETAILED FINDINGS AND ACTION PLAN

| Area: Financial Systems Review 2010/11 – R2 | | | | | | | | |
|---|---|-------------------|--|-------------|---------------------|--------|--|--|
| Ref | Original Recommendation | Original Category | Original Management Response and Updated Response | Impl'n Date | Manager Responsible | Status | Comments/ Implication | New Recommendation |
| 5.1 | Management should complete the steps necessary by September 2011 towards removing the option for individuals to follow manual procedures when raising supplier purchase orders. | Medium | Agreed. The system changes are required for both PRS and Sage to ensure that the full benefits are realised and to ensure cross product compatibility. This should be implemented in the FY 2011/12, subject to budget approval. | Sept 11 | Director of Finance | 5 | The implementation date for this recommendation had not yet been reached at the time of carrying out this audit. However, the upgrades required have been delayed until next year. HPC are currently undergoing several projects involving systems upgrades including major projects relating to Case Management and Fitness to Practice in anticipation of taking over responsibilities relating to GSCC and these have been prioritised. | <p>Management should complete the steps necessary towards removing the option for individuals to follow manual procedures when raising supplier purchase orders. (Significant)</p> <p>Updated Management Comment/ Implementation Date/Manager Responsible</p> <p>It is proposed to introduce the required changes as part of a major project in 2012/13 Financial Year but will need to be after the Social Work on-boarding major project.</p> |

| Area: Follow Up Review 2010/11 – Employee Health & Safety – R2 | | | | | | | | |
|--|---|-------------------|---|-------------|---------------------|--------|---|--|
| Ref | Original Recommendation | Original Category | Original Management Response and Updated Response | Impl'n Date | Manager Responsible | Status | Comments/ Implication | New Recommendation |
| 5.2 | Council should be provided with details of the number and type of health & safety incidents that have arisen at the HPC at least once annually. | Low | Agreed. August 2011 - Recommendation has not yet been implemented. | May 2011 | Facilities Manager | 3 | <p>Currently, this recommendation has not been implemented.</p> <p>We were advised HPC's agenda has been busy with a major focus being preparation for the transfer of regulatory functions from the GSCC to the HPC, currently anticipated to take place on 1st April 2012.</p> <p>However it is accepted that an annual Health & Safety Report is good practice and it is planned that one will be presented to the Council at the next opportunity.</p> | <p>The Council should be provided with a Health & Safety Report at least annually. This should detail:</p> <ul style="list-style-type: none"> - health and safety activities over the previous year; and - provide details of the number and type of health and safety incidents and near-misses and resulting lessons learned and action plans. <p>(Housekeeping)</p> |
| | | | | | | | | Updated Management Comment/ Implementation Date/Manager Responsible |
| | | | | | | | | <p>Noted. It is proposed to present a paper at December 2011 Council meeting.</p> |

| Area: Follow Up Review 2010/11 – Human Resources Management – R7 | | | | | | | | |
|--|--|-------------------|--|-------------|-----------------------------|--------|---|---|
| Ref | Original Recommendation | Original Category | Original Management Response and Updated Response | Impl'n Date | Manager Responsible | Status | Comments/ Implication | New Recommendation |
| 5.3 | The HPC's Human Resources (HR) Strategy should be updated to reflect the organisation's current thinking on its human resources requirements, including skills and training needs. | Medium | Director of Human Resources to update the HR strategy by April / May 2011. | May 2011 | Director of Human Resources | 2 | <p>The Human Resources Strategy has been updated to reflect HPC's requirements including skills and training needs.</p> <p>We were informed the Strategy will be presented to the Finance & Resources Committee meeting in September 2011 for approval.</p> | <p>As planned, the updated Human Resources Strategy should be reviewed and approved by the Finance & Resources Committee.</p> <p>(Housekeeping)</p> <p>Updated Management Comment/ Implementation Date/Manager Responsible</p> <p>The updated Human Resources Strategy was approved by the Finance and Resources Committee on 7 September 2011 and is on the agenda for the Council meeting on 22 September.</p> |