Audit Committee, 13 March 2013

Internal Audit Report – Education: Approvals & Monitoring

Executive summary and recommendations

**Introduction**

Mazars has undertaken a review of the arrangements for education approvals and monitoring in accordance with the internal audit plan agreed by the Committee in March 2012. The audit considered the following risks:

- Failure to detect low education providers standards.
- Education providers refusing visits or not submitting data.
- Inability to conduct visits and monitoring tasks.
- Loss of support from Education Providers.
- Education database failure.

The report is attached as an appendix to this paper.

**Decision**

The Committee is asked to discuss and approve the report

**Background information**

At its meeting in March 2012 the Committee approved the Internal Audit Plan for 2012/13

**Resource implications**

None

**Financial implications**

None

**Appendices**

Internal Audit Report – Education: Approvals & Monitoring

**Date of paper**

1 March 2013

Internal Audit Report

**Education: Approvals & Monitoring (04.12/13)**

**December 2012**

**FINAL REPORT**

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**AUDIT CONTROL SCHEDULE:**

| **Client contacts:** | Abigail Gorringe: Director of Education<br><br>Brendon Edmonds: Head of Educational Development | **Internal Audit Team:** | Peter Cudlip: Partner<br><br>Graeme Clarke: Director<br><br>James Sherrett: Assistant Manager<br><br>David Kershaw: Auditor |
|---|---|---|---|
| **Finish on Site \ Exit Meeting:** | 22 November 2012 | **Management responses received:** | 11 December 2012 |
| **Draft report issued:** | 6 December 2012 | **Final report issued:** | 21 December 2012 |

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

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## 1.    INTRODUCTION

1.1    As part of the Internal Audit Plan for 2012/13, we have undertaken a review of the Health and Care Professions Council's (HCPC) arrangements for the approval and monitoring of Education Providers (EP) and their education programmes.  This area was included in the Plan due to the significance of risks associated with this area within HCPC's Risk Register.

1.2    We are grateful to the Director of Education, Head of Educational Development and other members of staff for their assistance during the course of the audit.

1.3    This report is for the use of the Audit Committee and senior management of HCPC. The report summarises the results of the internal audit work and, therefore, does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.


## 2.    BACKGROUND

2.1    HCPC has approved approximately 950 programmes run by 120 providers across 16 professions. The Health and Social Work Professions Order allows HCPC to set standards for safe and effective practice for education and training, and to approve against those standards. Before obtaining approval the EP must meet the Standards of Education and Training (SETs).

2.2    The approval of programmes is open-ended, although following the initial approval, EPs are subject to annual monitoring and major change processes. Completion of an approved programme, together with other requirements, means students are eligible for inclusion in the Register.

2.3    HCPC's Education Department undertakes the approval and on-going monitoring of EPs. Responsibility for the Education Department lies with the Director of Education, supported by the Head of Educational Development and a team of Managers, Officers and Administrators. The team currently totals sixteen and is planned to grow to nineteen in light of the transfer of Social Worker programmes in England and their integration with existing approval and monitoring processes.

2.4    Those attending EPs to carry out approval and monitoring assessments are known as Visitors. Visitors work on behalf of HCPC and have the necessary experience and expertise to provide the Education and Training Committee (ETC) with sufficient information to make a decision regarding approval. Prior to working with an EP, Visitors are required to complete a Conflict of Interests check.

2.5    The Education and Training Panel (ETP), whose membership is comprised of members of the ETC, considers matters relating to the approval and monitoring of programmes. Recommendations are made by the HCPC Visitors to the Panel including whether programmes should be approved or whether approval should be withdrawn. The Panel considers these recommendations and makes decisions on the programmes which are then noted by ETC. The ETC has overall legal responsibility for programme approval and monitoring. The ETP considers a range of information in reaching decisions, and prior to and following each meeting, details in the form of agendas and minutes are made publicly available on HCPC's website.

2.6    The Education Department uses a number of systems which are embedded into its approvals, monitoring and major change processes. This includes use of NetRegulate, HCPC's registrant system, an Education Database, Lotus Notes, the departmental network drive and HCPC's website.

2.7 There is a complaints process defining the procedure and stages for dealing with complaints regarding an EP.

2.8 In relation to social work and Approved Mental Health Professionals (AMHP), all Education specific data was migrated from the General Social Care Council (GSCC) into HCPC information systems prior to the transfer of the Register. The register of approved programmes (current and historic) went live on 1 August 2012. Three introductory seminars for social work EPs were held in June and July 2012, with approximately 130 attendees in total. Detailed mailings were sent to all social work and AMHP EPs on 1 August 2012. These included information on the visit schedule, how HCPC communicate with EPs as well as a selection of HCPC publications. Copies of the publication 'Guidance on conduct and ethics for students' were also sent to all social work EPs for forwarding onto current and incoming students. There is an on-going programme of seminars for EPs together with other forms of engagement with education stakeholders including publications, mailings, through the HCPC website and meetings with stakeholders.

2.9 The visit schedule for social work programmes was based on a combination of: the GSCC quality assurance evidence and assessment at the point of transfer; the existing GSCC re-approval cycle; the demand for placements within regions; the size and frequency of student cohorts and the entire provision within each EP. The schedule covers three academic years. The visit schedule for AMHP programmes was based solely on the existing GSCC re-approval cycle. The schedule covers two academic years, starting in 2013-14. The scheduling of required social worker visits in the 2012-13 academic year has been successful. As at November 2012, only one out of the required 20 visits remained unscheduled. Social worker and AMHP programmes requiring a visit in the 2013-14 and 2014-15 academic years have been asked to schedule their visits by 31 January 2013. As at November 2012, 18 visits (37%) had been scheduled in 2013-14 and 5 (12%) had been scheduled in 2014-15.

2.10 The Education department has recruited two additional Education Officers to commence employment in January 2013 bringing the total number of employees in the department to 18.

## 3. SCOPE AND OBJECTIVES OF THE AUDIT

3.1 Our audit considered the following risks relating to the area under review:
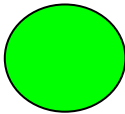
- Failure to detect low education providers standards *(Risk Ref 7.1, HCPC Risk Register, September 2012)*;

- Education providers refusing visits or not submitting data *(Risk Ref 7.2, HCPC Risk Register, September 2012)*;

- Inability to conduct visits and monitoring tasks *(Risk Ref 7.3, HCPC Risk Register, September 2012)*;

- Loss of support from Education Providers *(Risk Ref 7.4, HCPC Risk Register, September 2012)*; and

- Education database failure *(Risk Ref 7.5, HCPC Risk Register, September 2012)*.

3.2 In reviewing the above risks, our audit considered the following areas:

- Education Department Work Plan, policies and procedures;

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- Programme approval processes including initial submissions by providers, on-site visits/audits and reports, responses to reports, recommendations to the Education and Training Panel and decision-making;

- Monitoring of programmes including providers' declarations and monitoring audits;

- Major Changes processes, supporting documents/evidence and decision-making;

- Communications with, and support/guidance given to, providers;

- Complaints-handling processes and decisions;

- Back-up and recovery arrangements for the Education database; and

- Management information and reporting to senior management/Education & Training Committee and Education & Training Panel.

3.3    The objectives of our audit were to evaluate the adequacy of controls and processes for approvals and monitoring of EPs, and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

3.4    We are only able to provide an overall assessment on those aspects of the controls and processes for approvals and monitoring of EPs that we have tested or reviewed. This audit was not an evaluation of the decision to approve/not approve programmes or the standards upon which such decisions are made: only that appropriate processes are in place for making such decisions and that these have been complied with. We did not consider the appointment and appropriateness of 'Visitors' carrying out aspects of the approval and monitoring processes but did review whether agreed processes have been followed.

3.5    The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

## 4. AUDIT FINDINGS: ONE PAGE SUMMARY

| Assurance on effectiveness of internal controls | |
|---|---|
|  | **Substantial Assurance** |

| Recommendations summary | |
|---|---|
| **Priority** | **No. of recommendations** |
| 1 (Fundamental) | None |
| 2 (Significant) | None |
| 3 (Housekeeping) | 1 |
| **Total** | **1** |

| Risk management |
|---|
| As detailed in 3.1 above, HCPC's Risk Register identifies five specific risks relating to approval and monitoring of EPs. In undertaking our audit, we have confirmed the identified mitigating controls in the Risk Register are in place and working effectively to reduce risk exposure in this area.

References to HCPC's Risk Register are also integrated into the Education Department's 2012/13 Work plan. The Department manages those organisational risks which are concerned with: employees within the Education Department including staff turnover, skills development and managing performance; and for EPs including compliance with HCPC processes, communication and support. Activities outlined in the Work plan are also intended to help mitigate risks managed by other departments including project management and the recruitment, training and on-going support of both employees and partners. |

| Value for money |
|---|
| Vale for money implications can arise in this area through staff time in the administration and maintenance of processes for the approval and monitoring of EPs and their respective programmes.

Currently HCPC are running an IT project to streamline the current different systems used to improve efficiency and 'future proof' existing processes, for example, providing a link between information currently held by one of the Education Department's systems and NetRegulate. The project is also intended to address matters such as the production of reports in a more useable format, as opposed to currently having to manipulate crystal reports to obtain the necessary data/format for use. |

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## 5. SUMMARY OF FINDINGS

**Overall conclusion on effectiveness and application of internal controls**

5.1 Taking account of the issues identified in paragraphs 5.2 to 5.3 below, in our opinion the control framework for the approval and monitoring of EPs, as currently laid down and operated at the time of our review, provides **substantial** assurance that risks material to the achievement of HCPC's objectives are adequately managed and controlled.

**Areas where controls are operating effectively**

5.2 The following are examples of controls which we have considered are operating effectively at the time of our review:

- An Education Department Work plan has been produced. The plan covers key issues for the department including, resources (financial and non-financial), risk management, information security and operational processes;

- There are clearly documented processes for approval, monitoring and complaints about approved programmes;

- Induction and refresher training is provided to staff and Visitors;

- The HCPC website has a dedicated Education section. This is used to provide a wide range of information. Further sections of the website have been used effectively, such as the section to aid engagement with Social Workers;

- There are regular internal reviews of processes within the Education Department;

- Sample testing confirmed compliance with the respective operational processes for approvals, monitoring and complaints;

- Backup procedures are in place which should quickly restore the Education Department to ensure it is fully functional following an IT incident; and

- Management information is prepared, and is reported to stakeholders including the Council for Healthcare Regulatory Excellence (CHRE), Education and Training Committee (ETC), Council, and Education Department Management;

**Areas for further improvement**

5.3 We identified one area where there is scope for further improvement in the control environment. The matter arising has been discussed with management and has been, or is being, addressed as detailed in the management action plan (Section 6 below).

5.4 During our review we noted that the Education Department is currently running an IT project which is intended to future-proof the Department's approval and monitoring processes, making them suitable to manage an increased workload and to drive further efficiency. This includes consolidation of various systems and data sources into one system and better synergy/linkages between the new system and others in use throughout the organisation. Given this project remains in progress and our wider internal audit of Project Management, we have not specifically made any recommendations around completion of this Project and/or associated considerations, such as identifying and addressing any training needs around any new processes, etc.

## 6.     ACTION PLAN

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility |
|---|---|---|---|---|---|
| 6.1 | *Observation:* Throughout the approval and monitoring processes there are many forms sent electronically. However, it is not always clear whether a formal physical sign-off is required.<br><br>In review of the Record of Decision of the Education and Training Panel (ETP), regarding Visitor recommendations from the approval and monitoring processes, we noted some examples of Record of Decision forms which had been signed by the Panel Chair and scanned into a pdf format, and further examples where the form had not been signed – although there was evidence that the approval was granted after consideration by the Panel.<br><br>*Risk:* Lack of clarity over the formal sign off of decisions in approval processes.<br><br>Inconsistency and those unfamiliar with the ETP being unaware that approval has been granted. | A standard approach regarding the acceptance of forms with or without signatures should be adopted.  For example, whether the Record of Decision forms should be individually signed and a scanned copy retained, or whether a batch sign off may be more appropriate. | 3 | When reviewing a Record of Decision, it should be clear to an individual that a decision has been made by ETP.<br><br>A review of the ETP procedures in relation to this observation will be undertaken by our Secretariat Department.  A consistent approach will be adopted, which complies with our legal requirements, ensuring effective governance controls are maintained.<br><br>In relation to forms used within the Education Department, a consistent approach to obtaining electronic signatures from stakeholders will be determined through the delivery of the major project. | Secretariat – March 2013<br><br><br><br><br><br><br><br><br>Education – March 2014 |

**Appendix 1 – Definitions of Assurance Levels and Recommendations**

We use the following levels of assurance and recommendations in our audit reports:

| Assurance Level | Adequacy of system design | Effectiveness of operating controls |
|---|---|---|
| Substantial Assurance: | While a basically sound system of control exists, there is some scope for improvement. | While controls are generally operating effectively, there is some scope for improvement. |
| Adequate Assurance: | While a generally sound system of control exists, there are weaknesses which put some of the system objectives at risk. | While controls are generally operating effectively, there are weaknesses which put some of the system objectives at risk. |
| Limited Assurance: | Control is generally weak leaving the system open to significant error or abuse. | Control is generally weak leaving the system open to significant error or abuse. |

| Recommendation Grading | Definition |
|---|---|
| Priority 1 (Fundamental) | Recommendations represent fundamental control weaknesses, which expose, HCPC to a high degree of unnecessary risk. |
| Priority 2 (Significant) | Recommendations represent significant control weaknesses which expose, HCPC 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. |

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