

Audit Committee, 15 June 2016

Internal audit – Review of recommendations

Executive summary and recommendations

At its meeting on 29 September 2011, the Committee agreed that it should receive a paper at each meeting, setting out progress on recommendations from internal audit reports.

Most of the information in the appendix is taken from the wording of the internal audit reports. The exception is the 'update' paragraph in the right-hand column, which provides details of progress.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to discuss the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

3 May 2016

Recommendations from internal audit reports

Core Financial Systems – Payroll (report dated September 2011 – considered at Audit Committee 29 September 2011)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	3

Risk 3: Financial losses arising from fraud or error, inefficient processing or inappropriate activity (such as ghost employees, payment of staff who no longer work at the Council, authorised payments, etc)

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
2	<p><i>Observation:</i> Finance receive an HR Pack on a monthly basis which includes the HR Summary spreadsheet and relevant supporting documentation detailing starters; leavers; contractual variations; acting-up allowances; changes to address etc.</p> <p>Whilst our review confirmed that this information was received by Finance, in a timely manner and before the deadline of the 15th of the month, as there is currently no direct interface between the HR Systems and Sage, the information has to be entered again on to Sage.</p> <p>It is noted that a review of the HR system is planned to be undertaken.</p> <p><i>Risk:</i> Holding two databases with staff details</p>	As part of the planned review of the HR system, consideration should be given to a more effective interface between the HR and Payroll systems to avoid duplication in entry of data.	Housekeeping	Project proposal to review HR & partners information systems, including link to payroll to be submitted to Executive team in November 2011. If agreed will form part of 2012/13 project plan.	<p>Director of Finance/ HR Director.</p> <p>Update</p> <p>15/06/2016 – we have signed a contract with the supplier of the HR and partners system for their payroll bureau service, and the new service is expected to go live during 2015/16. The payroll software is integrated with the HR system so duplication of data entry will be avoided.</p> <p>Previous updates:</p> <p>16/03/2016 - we have</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>and duplication of data entry are unlikely to be an efficient use of resources.</p> <p>Errors are more likely to arise where data is re-keyed.</p>				<p>reconsidered the option of using the supplier of the HR and partners system, and have conducted an information security audit on their systems, with satisfactory results. We are currently in negotiation with the supplier over contract terms.</p> <p>26/11/2015 - On track, no change from 17/6/15 update</p> <p>08/09/2015 – On track, no change from 17/6/15 update</p> <p>17/06/2015 – The payroll service offered by the supplier of the new HR and Partners system is not appropriately certified for information security, so we are reviewing other options for the contracted out payroll service, expecting to conclude by the end of 2015-16. We still intend and expect the new HR system to better integrate with payroll, whichever option for payroll is chosen.</p> <p>10/3/2015 – We have started discussions with the supplier of the HR and Partners system to identify whether their integrated payroll service would be suitable for our needs.</p> <p>09/10/2014 – The HR and Partners system build</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
					<p>business case was approved by EMT to enter the start-up phase on 9 September. A supplier has been identified.</p> <p>24/06/2014 – Still pending the HR & Partners project. Bids from suppliers have been received and are being assessed but no contract yet awarded so the project has not yet entered the build phase.</p> <p>20/03/2014 - HR & Partners Systems Review phase is due to end on 31 March 2014. The project will then enter the build stage.</p>

Disaster Recovery / Business Continuity Planning (report dated October 2013 – considered at Audit Committee 28 November 2013)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	1

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
6.2	<p>Observation: The Business Continuity Plan is centrally controlled and managed by the Head of Business Process Improvement but is distributed as a paper document to 52 different people or locations.</p> <p>This makes it possible for uncontrolled documentation that may be outdated to still be held. Anecdotal evidence suggests that this has been the case on a number of occasions.</p> <p>There would be benefits with using an alternative method for managing how the plan is accessed such as improved version control and distribution.</p> <p>Potential alternatives include managing access via a central storage point i.e. secure internet or intranet location, cloud-based service or distributed by secure USB device.</p>	<p>HCPC should consider alternative methods of version control and distribution for the BCP, i.e. via secure internet/intranet, cloud service or secure USB key..</p>	3	<p>The Executive consider technology based solutions for the update and distribution of the BCP every year as part of the project prioritisation process and budget discussions. To date other statutory requirements have reached a higher priority than this project.</p> <p>This item remains on the long list of important projects until actioned. This project will be considered again in the project</p>	<p>Head of Business Process Improvement</p> <p>Update</p> <p>15/06/2016 - Awaiting decision on mobile device selection</p> <ul style="list-style-type: none"> • BlackBerry O/S7 devices are compatible with ShadowPlanner • BlackBerry O/S10 devices are not compatible with ShadowPlanner • BlackBerry Android devices are compatible with ShadowPlanner • iPhone 5 & 6 devices are compatible with ShadowPlanner • Android Lollipop (O/S 5) devices are compatible with ShadowPlanner • Android Marshmallow (O/S 6) devices are compatible with ShadowPlanner • Microsoft Phone is not compatible with ShadowPlanner <p>Previous updates:</p>

	<p>Risk: Plans may lack effective version control which may cause people to refer to old or out-dated version of the Business Continuity Plan causing delays in recovery.</p>			<p>prioritisation process and budget discussions taking place in December and February for the forthcoming (2014/15) budget year.</p>	<p>16/03/2016 - The Shadow Planner application was demonstrated to EMT following the Council Away Day. We are now awaiting a beta version that will be compatible with the latest Blackberry devices that we are obtaining for the organisation.</p> <p>26/11/2015 - A demonstration was provided to EMT in October on HCPC Blackberry devices, and the restructure of the plan has been made to fit the online delivery model. All plan data has now been input to the supporting secure website, and we will be training EMT and CDT / Heads of Department on maintenance of the plan for their areas of responsibility over the next few months.</p> <p>08/09/2015 - Implementation work is under way with the supplier. Some editing of content layout is required to fully utilise the format options available, and this is in progress.</p> <p>17/06/2015 - Licence PO is in progress for the software and service selected. Development of our service will commence shortly</p> <p>19/03/2015 - A successful test with the preferred supplier has taken place and the procurement exercise is completing</p> <p>09/10/2014 – BPI are meeting a potential external supplier on 02/10/2014. Options will be reviewed following this. If the external option is perused a procurement process will be run.</p> <p>24/06/2014 – BPI plan to investigate if an in</p>
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					house system could be used instead of an external procurement. 20/03/2014 – This project has been provided for within the 2014-15 BPI budget. The ability to produce paper versions will remain as a contingency
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Consultation arrangements (report dated March 2016 – considered at Audit Committee 16 March 2016)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	3
Low	2

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
1	<p>At present, HCPC do not carry out analysis on the costs and benefits of consultation.</p> <p>While there is an obligation on HCPC to consult, and most changes require consultation by statute, there are some decisions which are within HCPC's gift, such as how often (and how) to review standards (and, by implication, to carry out the associated consultation).</p> <p>Consultation is a time-consuming (and, by implication, expensive) process and it would be useful for HCPC to analyse the costs and benefits of consultation in order to inform future decisions around how and when to consult.</p>	<p>HCPC should establish, as far as possible, the costs and benefits of consultation, and use this to inform future decisions about how and when to consult.</p>	Medium	<p>The majority of consultations are required by the Health and Social Work Professions Order 2001. Very few consultations (estimated as under five in the last ten years) are 'discretionary'. As a result, the Executive considers that such a cost/benefit analysis is less important than for other areas of work which are not mandated.</p> <p>The non-staff costs of a consultation are typically minimal (unless other costs such as research commissioned in the policy</p>	<p>Director of Policy and Standards</p> <p>The Executive will pilot including cost/benefit analysis for a consultation as part of the next internal review of the consultation process. The last department-led review of the consultation process concluded in 2014-2015, so the next review will take place by 2019-2020.</p>

				development phase are attributed to a particular consultation). The Executive can point to numerous anecdotal benefits of consultations but the benefits (relative) are also difficult to establish in absolute terms.	
2	<p>HCPC recognises the importance of consultation as part of fulfilling its statutory responsibilities and helping to improve its regulatory approach.</p> <p>At present, HCPC does not produce management information on the 'reach' of consultations, i.e. how many stakeholders might reasonably be expected to respond to a consultation, and how many actually respond.</p> <p>Without this information, it is difficult for HCPC to be confident that it is effectively engaging with its stakeholders and that changes to its policies, standards etc. balance the needs of those stakeholders.</p>	HCPC should carry out analysis of its consultation 'reach' by establishing who could reasonably be expected to respond to consultations, and who actually responds. This should be compared to other available information, such as the number of registrants, in order to establish trends over time and help assess how to consult most effectively.	Medium	<p>The number of responses to consultations has increased over time, partly as a result of growth in the register and partly because of making responding more accessible via an online survey tool. The majority of responses we now receive are from individuals. Reaching the right individuals / organisations for a particular consultation is more important than quantity. The audience of interest (e.g. all stakeholders; particular professions; educators) will also vary between consultations.</p> <p>Our approach should also recognise that some stakeholders are best / most effectively reached in the policy development phase before a formal consultation (e.g. service users and carers).</p> <p>Previous internal reviews of the consultation process have looked at numbers of responses over time.</p>	<p>Director of Policy and Standards</p> <p>The next internal review of the consultation process will include analysis of number of responses compared to number of registrants or other known stakeholders. Next review by 2019-2020.</p>
3	HCPC recently undertook an exercise to garner feedback from stakeholders about their consultation process. One comment received was that the links to consultations on the website could be made more prominent. During the audit, we also found that the consultations area of the website was not intuitive to find, particularly for	HCPC may wish to give further thought to how consultations are promoted on its website. This could include, for example, use of a 'banner'	Low	<p>Where we are consulting on a topic which has a wide interest, a 'spotlight' appears on the front page which links to the consultation pages. This has been used, for example for consultations in the past year on the registration fee and the standards of</p>	<p>Director of Policy and Standards</p> <p>Continue to use a 'spotlight' on the home page to promote consultations. Policy input into</p>

	<p>registrants who might click on the 'Registrants' link first, expecting to find information about consultations there.</p> <p>Consultations help to improve transparency and if stakeholders perceive them to be difficult to access, it may create poor perceptions of HCPC.</p> <p>We note that HCPC were preparing to make changes to the website at the time of the audit and that some changes have been effected since the fieldwork.</p>	<p>scrolling across the screen when a consultation is live, to draw attention to it.</p>		<p>conduct, performance and ethics. There were no live consultations during the audit period.</p>	<p>forthcoming project to redevelop the website to ensure that consultations are appropriately promoted. Ongoing and 2016-2017.</p>
4	<p>Consultation respondents can either respond on their own behalf, or on behalf of an organisation such as a university, trade union or service user group.</p> <p>We reviewed the analysis document for the Standards consultation and spoke to those involved in putting together the analysis. We were able to establish that in the write-up there was little difference in the weighting given to the comments received from individuals, and those on behalf or organisations. However the summaries for each question did note where there were differences in quantitative statistics between different groups such as individuals and organisations.</p> <p>Given that organisations may have many hundreds or thousands of their own stakeholders, and indeed may have consulted them on the organisational response, the weighting given to comments in the analysis may not be proportional.</p> <p>We note that the Fees consultation analysis better reflected the mix of respondents.</p> <p>There is no written guidance on how to analyse consultation responses.</p>	<p>HCPC should produce internal guidance on how consultation responses are to be analysed. This should include guidance on how organisational and individual responses are weighted.</p>	Medium	<p>The Executive will always weight organisational responses where it is appropriate to do so. However, in many cases the themes in responses are consistent across different respondent types so it is not necessary to do so to any significant degree. The Executive also routinely reports differences between organisations and individuals in statistics.</p> <p>The Executive agrees that it might be useful to produce short internal guidance about analysing consultation responses to ensure, amongst other things, that response documents are clear about how to approach reflecting similarities and differences in different types of respondent.</p>	<p>Director of Policy and Standards</p> <p>Internal guidance on analysing consultation responses. By July 2016.</p>
5	<p>HCPC have in place a consultation checklist,</p>	<p>Given that there is a</p>	Low	<p>Agreed.</p>	<p>Director of Policy and</p>

	<p>which sets out each stage of the process to be followed during consultations (there are around 50 tick boxes in total). However, this is largely used as an aide memoire, rather than being completed and ticked off during the consultation process. Without completion of the checklist, there is a small risk that part of the consultation process may be overlooked.</p>	<p>checklist in place, HCPC may consider it useful to complete it for each consultation as additional assurance that all necessary steps have been followed.</p>			<p>Standards</p> <p>Consultation check list will now be completed for each consultation and saved in the project folder.</p>
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