



Health & Care Professions Council (HCPC)

Audit Committee Discussion Paper

Internal Audit Plan 2018/19

February 2018

This discussion paper provides the proposed audits for the 2018/19 Internal Audit Plan, which we submit for feedback to the Audit Committee.

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1 Introduction

Introduction

As appointed internal auditors to HCPC, Grant Thornton UK LLP strives to provide a service which supports HCPC's approach in meeting its strategic and operational objectives, along with providing objective and independent assurance to the Audit Committee.

The key purpose of this document is to set out the proposed coverage for the internal audit plan for 2018-19, following our discussion with members of senior management for challenge by, and discussion with, the Audit Committee. Once the areas of coverage have been finalised, we will hold detailed discussions with Management to refine the exact scope and timing of the work.

Budgets for individual assignments

We propose an approach of agreeing the expected budget for each audit with the Audit Sponsor at the time of scoping, and present this in our Audit Planning Brief. The budgeted days and cost, in particular where we will utilise subject matter experts (who carry a higher cost due to their area of expertise) will also be agreed with the Director of Council and Committee Services who is responsible for the budget for internal audit services.

Our planning process

Our planning process to support the development of the annual plan has involved:

- reviewing the organisation's Risk Registers to further understand the risks facing the organisation and where Internal Audit could provide assurance over these risks
- holding discussions with the key officers
- accounting for our understanding of current strategic and operational initiatives
- taking into account past internal audit coverage, especially where it was relevant to inform cyclical coverage for areas such as financial risks
- Review of the internal audit plans for other relevant regulatory clients

We invite the Audit Committee to comment on our proposed prioritisation of the internal audit reviews within the 2018-19 plan.

Approach

In order to provide the appropriate assurance to the Audit Committee, there is a need to ensure that there is an appropriate balance of financial, strategic and operational reviews within the Internal Audit Plan. Ensuring a combination of reviews will ensure that internal audit adds value in the right areas, at the right times.

Core team

Our core team for 2018/19 is as follows:

Role	Responsibilities
<p>Paul Rao <i>Engagement Lead</i></p>	<p>Paul will have overall responsibility for the leadership of the contract. He will be the principal contact for senior management on strategic issues, attending all Audit Committee meetings and others as required. He will approve all Audit Planning Briefs and reports before issue.</p> <p>Paul will report directly to the Chair of the Audit Committee.</p>
<p>Amit Patel <i>Manager</i></p>	<p>Amit will have overall responsibility for supervising and reviewing the audit team's work providing in depth knowledge to inform key audits. He too will attend all Audit Committee meetings. Amit will be on call to you to act as a sounding board and provide specialist advice and guidance. Amit will also coordinate staff and liaise with operational management.</p>

Next steps

We invite the Audit Committee's feedback on the proposed prioritisation of reviews for the 2018-19 internal audit plan and the outline scopes set out for these reviews.

Grant Thornton UK LLP
February 2018

2 Audit themes

Below we suggest areas for inclusion in the 2018-19 audit plan. As described we will consult with the Audit Committee and Management to discuss the most appropriate phasing of our audit work. The budget for each review will be agreed as part of the assignment planning process. Where specialist staff are used, the rates used for each audit will vary, however we will ensure that an appropriate discount continues to be provided.

In developing the draft audit plan we have also considered the six headline risk areas that were discussed at the Strategic Risk Workshop on the 05 February 2018 – headline topics are denoted in brackets below under each audit topic.

Indicative 2018-19 Internal Audit Plan

Please note that the estimated days and costs are indicative only and require detailed scoping meetings to develop the cost for each audit.

Audit topic	Key objective of the review	Estimated days	Estimated Cost
Strategic and operational planning <i>(Headline risk area: Failure of governance, leadership or culture)</i>	Given fundamental transformation of the HCPC business how has the strategic planning process effectively led to a direction that is appropriate for what is now a very different business? How is revised strategic direction genuinely guiding operational priorities?	10	£10k
Social Workers Transfer project <i>(Headline risk area: Failure to anticipate, influence or respond to external change/environment)</i>	Given the potential for significant impact on HCPC due to social work related regulatory responsibilities being transferred to a new regulator, how well has HCPC: <ul style="list-style-type: none"> understood what is the impact for HCPC and how is the organisation preparing to respond to the transfer? scoped its social work transfer project so that its full remit and outcomes are appropriate understood and agreed by all stakeholders? set up the overall project and its governance to ensure it is fit for purpose for delivering required outcomes? resourced the social care project? understood the risks and particularly the potential financial risks and planning to mitigate them? <p>*Specialists will be utilised to review the financial model(s) in use. This will therefore carry a higher cost rate than core operational assurance.</p>	12	£9k
Fee increase and/or withdrawal of the graduate discount <i>(Headline risk area: Failure to anticipate, influence or respond to external change/environment)</i>	A detailed review of the overall approach and underlying costing and associated assumptions that underpin the fee increase proposals to provide assurance to the Council (via the Audit Committee) that they are adequately supported. <p>*Specialists will be utilised to carry out this review</p>	5	£6k

Key financial controls <i>(Headline risk area: Failure to be an effective, efficient and agile regulator)</i>	As part of our cyclical programme of work on the core financial controls, we have allocated 10 days of work against this area. It is proposed that a review of the procurement and staff expense processes, which is an area which internal audit have not examined. We will utilise our data analytics team to carry out data analytics part of the review. Our data analytics team will be able to perform a range of tests including; duplication of invoices/payments/purchase orders (PO), payment transactions containing suspicious words, descriptions, gifts, intolerable mismatch between the total value of the PO exceeds the total value of the invoice, cross match with supplier bank details with employee bank details, duplicate suppliers etc.	9	£9k
HCPC PSA improvement plan <i>(Headline risk area: Failure to be a trusted regulator and meet stakeholder expectations)</i>	HCPC failed to meet six of the ten FtP standards relating the 2016/17 performance year as reported in PSA's October 2017report. The review could look at how HCPC have responded to the findings and carry out an independent review to understand whether HCPC have made progress in addressing the areas of failure. Note: FtP is a technical area which Grant Thornton do not have specialists (legal or clinical) to deliver the work. The work will need to be carefully scoped and agreed to ensure it provides management and the Audit Committee with the right level of assurances it seeks. This work would not be an assessment against the PSA standards.	8	£5k
Follow up Review of High and Medium Actions	We will carry out our annual follow up on internal audit high and medium recommendations and check how well HCPC is in tracking and implementing agreed recommendations within the agreed timeframes.	4	£3.5k
Management time	Time allocated to produce papers and attend the Audit Committee, attend meetings with management.	4	£3k
Total time		52 days	£45.5k

Alternative audits for consideration for 2018 and future years

The following audits are those that were considered for inclusion but were excluded on the basis of risk priority. These should be considered by the Audit Committee, together with their own views about what should be included in the plan, as a substitute or in addition to what is in the indicative plan. The areas below should also be included within the internal audit universe for future years.

Audit themes
Culture (operational risk) – the review would look at the compliance culture aspect of HCPC’s workforce enabling HCPC to be an effective and trusted regulator.
Stakeholder management - HCPC have identified stakeholder management as a ‘red’ strategic risk within the strategic risk register. The scope of the work will look at how HCPC identify and prioritise stakeholders (both internal and external) and whether communication with key stakeholders is approached in a coherent way.
Quality Assurance Framework/Process – Quality assurance framework is a key part of the HCPC’s regulatory function. A review of the revised QA process could be undertaken.
Governance arrangements within HCPC – strategic risk on the risk register. The review will look at the governance arrangements within HCPC.
Health and safety – This was last reviewed by internal audit in 2014 and is currently a red risk within the operational risk register.
Risk Management – this area has not reviewed by Internal Audit since 2014 and is a key area for any organisation.
Business Continuity Planning /Disaster Recovery – This is a red risk on the operational risk register. Internal Audit last examined business continuity/disaster recovery arrangements at HCPC in 2014 with recommendations for improvement.
Talent Management – HCPC have high staff turnover, this review would look at how HCPC aspire and have a robust plan in place to attract, recruit, retain and promote their workforce, building on the staff recruitment and retention review performed.

3 Summary of previous audits

The table below sets a summary of past audit coverage which has an important contribution towards informing the coverage in the internal audit plan for 2018-19 to ensure there is a cyclical coverage of risk areas, including financial risk areas.

Summary of previous years' internal audit coverage	2017-18	2016-17	2015-16	2014-15
Continual Professional Development (CPD) - completed	X			
Cyber Security - completed	X			
Budgeting and forecasting – in progress	X			
Registration Project – Scoping	X			
Annual Follow up – Scoping	X	X	X	X
Staff recruitment & retention		X		
Property management (focused on utilisation of tribunal suite at 405 Kennington Road for FTP tribunals)		X		
Partner recruitment process		X		
Non FTP legal services cost management		X		
Registration appeals process		X		
Whistleblowing		X		
Review of the registration project (design phase)			X	
Overarching coherence of key planning models			X	
Consultation process			X	
Core financial controls	X		X	X
Corporate Governance and Risk Management				X
Stakeholder Communications				X
Project Management				X
Partners' Expenses				X
Health and Safety				X
Business Continuity				X
Bribery Act				X



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