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Health and Care Professions Council

Follow Up Review of Internal Audit Recommendations

Internal Audit Year: 2018/19

19 February 2019

Distribution list

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			OJEU – Official Journal of the EU: Public Sector Procurement legislation
			PIDA – Public Interest Disclosure Act
			PID – Project Initiation Document
			PO – Purchase Order
			SMT/EMT – Senior Management Team/ Executive Management Team

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It is the responsibility solely of HCPC's management and Council to ensure that there are adequate arrangements in place in relation to risk management, governance and control

1 Executive Summary

Follow Up Review				
	Imp.	Low	Med.	High
Findings assessed	-	-	15	-

A total of 15 findings were followed up as a part of this review, all of which were medium rated findings. Of the 15 reviewed, evidence has been obtained to validate the completion of eleven findings (73%). Note, one finding relating to implementation of a project communications strategy (indicated by * in the table below) was in progress at the time of the audit though has been assessed as complete. The project is due to finish in March 2019, there are a limited number of communications to be issued, and considering the effort required to address the remaining actions, Management are comfortable with accepting the residual risk. Refer to section 2 for details.

Four recommendations (27%) are in progress and overdue. One recommendation is significantly overdue with an original completion date of November 2016 (indicated by ** in table below), and relates to the development of a policy setting out what it means to be a Prescribed Person and what procedures need to be followed in the event of a disclosure. A policy was approved in August 2018 but is yet to be communicated internally. The action owner has confirmed that a formal plan to roll-out the policy is currently in development, and has cited re-prioritisation of tasks, change in action ownership, and an intention to not rush implementation as reasons for the delay. No mitigating actions have been put in place. HCPC has therefore been exposed to a risk that in the absence of a functioning policy there may not be clarity within HCPC on how to deal with disclosures to itself as a Prescribed Person.

Two of the in progress and overdue recommendations are only marginally overdue with an original target completion date of December 2018.

Discussions with action owners for all four 'in progress and overdue' actions confirmed that the main reasons for actions not being completed related to reprioritisation of tasks, with a focus being placed on transformational change and the transfer of social workers to Social Workers England, whilst also ensuring that business as usual activities are not neglected. A lack of resource was also identified as a contributing factor. Notwithstanding this, the completion of agreed actions has not been performed in line with expectations and therefore leaves HCPC exposed to the risks identified within the findings. Revised deadlines have been agreed with action owners and it is recommended that Management and the Committee closely monitor completion against the adjusted dates. Refer to section 2 for detail.

Audit	Due	Complete	In progress and Overdue	Details of outstanding recommendations
Review of Whistleblowing	1	0	1**	Owner: Katherine Timms; Revised Completion: February 2019
Strategic & Operational Planning	2	0	2	Owner: Jacqueline Ladds; Revised Completion: March 2019
FTP Improvement Plan	2	2*	0	N/A
Phase 1 Registration Project	2	1	1	Owner: Project Board; Revised Completion: March 2019
Budgeting, Forecasting & Key Financial Controls	7	7	0	N/A
Social Workers Transfer Project	1	1	0	N/A
TOTAL	15	11	4	

1.1 Background

As part of the 2018-19 Internal Audit plan, Internal Audit carried out a follow up review of internal audit recommendations raised at the Health and Care Professions Council (HCPC) to determine whether the recommendations have been completed in line with agreed timeframes.

1.2 Scope and risk areas

The purpose of this review is to assess the progress made by Management in implementing the internal audit recommendations, due prior to 10th January 2019, from the following internal audit reports:

- Strategic & Operational Planning (August 2018)
- FTP Improvement Plan (November 2018)
- Phase 1 Registration Project – Governance & Project Management Review (August 2018)
- Budgeting, Forecasting & Extended Key Financial Controls (May 2018)
- Social Workers Transfer Project (November 2018).

We additionally assessed one outstanding recommendation from the prior year Follow Up review as this was still outstanding at the previous review. This action related to the review of Whistleblowing Arrangements (August 2016).

The audit did not review outcomes from the five year model review, which reviewed the council's financial options in response to the transfer of social workers to a newly formed regulatory body, as the report did not have discrete recommendations and actions.

Our approach to this review was to request supporting evidence to support the completion of the action from the owner of each of the high and medium internal audit recommendations. Management carry out their own follow up on low rated recommendations.

Our findings are reported in the context of the following:

- A total of 15 agreed recommendations for medium findings were included in the reports under review. All of these recommendations were due for completion by the time of our testing
- The agreed recommendations were reviewed with the relevant managers and staff. Discussions were corroborated with relevant supporting evidence to form a view on the completion status of the action.

1.3 Acknowledgement

We would like to take this opportunity to thank the staff involved for their co-operation during this internal audit.

2 Detailed findings

Review of Whistleblowing – Development of Policy

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
1	<p>Since becoming a Prescribed Person in October 2014, the Council at its meeting in March 2015 considered the Francis Report on Freedom to Speak Up and made a number of commitments to be completed within agreed timescales. One of these was to continue work in 2015/16 on developing an organisation-wide process for identifying, recording and handling protected disclosures made to the HCPC as a Prescribed Person under PIDA.</p> <p>The Director of Policy and Standards informed us that management had recently published more detailed information on its website about making such disclosures (as part of an existing section for registrants on reporting and escalating concerns).</p> <p>An internal policy setting out what it means to be a Prescribed Person and what procedures need to be followed had not yet been produced, but is planned for autumn 2016. The Council should use the launch of this policy to promote the role of the HCPC as a Prescribed Person to managers and staff and to brief and/or train as appropriate those who might receive such disclosures.</p> <p>There may not be clarity within the HCPC in how to deal with disclosures to itself as a Prescribed Person without a policy.</p>	Medium	<p>The Council should ensure that a Prescribed Persons Policy is developed, approved and introduced within an agreed timescale and monitored.</p> <p>All employees, partners and Council and committee members should be made aware of the new policy so that the HCPC's role as a prescribed person is clear and understood.</p>	<p>Agreed Action:</p> <p>Recent discussion with the Solicitor to Council has confirmed that we are compliant with the legal expectations placed on us as a Prescribed Person. We agree, however, that an internal policy which can be used to raise awareness across the organisation of our role as a Prescribed Person would be very helpful.</p> <p>A policy will be produced and agreed by the Executive Management Team in 2016, with progress reported in the Policy and Standards Directorate report to Council.</p> <p>Action Owner: Michael Guthrie</p> <p>Date for Completion: November 2016</p>	<p>In Progress & Overdue:</p> <p>Rather than develop a separate policy, Management have incorporated a section on prescribed persons within their Whistleblowing policy. This details that HCPC is a prescribed person under the Public Interest Disclosure order 2014 and briefly explains the implications. The SMT (previously EMT) approved the policy on 7th August 2018, as evidenced by SMT meeting minutes. Note, this is in relation to externally received reports from whistle-blower's.</p> <p>However the policy has not yet been rolled out and communicated within the business. Management have cited reprioritisation of tasks and lack of resource as reasons first for the delay in development of the policy and now roll-out of the policy.</p> <p>Note, the original action owner has left the business and responsibility was reassigned to Katherine Timms in March 2018. The owner has confirmed a revised completion date per below.</p>

					Revised Date for Completion: February 2019
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Strategic & Operational Planning - No formal documented policy/procedure for strategic operational planning

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
2	<p>Finding</p> <p>Through our interviews performed with the SMT, Business Process Improvement Team and Council, we identified that HCPC does not have a formally documented procedure in place in relation to the strategic and operational planning process, which should include areas such as: key objectives, clearly defined roles and responsibilities, clear guidance on the planning and sign off process, amongst other areas.</p> <p>Whilst we observe that there is discussion, no formal policy (or other form of guidance) exists which details the change process in relation to changes to HCPC's Strategic Intent and Corporate Plan.</p> <p>Implication</p> <p>Without a formal documentation in place, there is a risk of an inconsistent approach to strategy setting, resulting in key strategic risks and opportunities not being captured.</p> <p>Without clearly defined roles and responsibilities, there may be ambiguity regarding the ownership and accountability of the strategic and operational planning processes in place.</p> <p>Without appropriate change management controls in place relating to strategic and operational planning, errors may be made, or amendments not accurately captured</p>	Medium	<p>Management should formally document the strategic and operational planning process. Once completed, the document should be subject to regular review and update.</p> <p>The document should provide sufficient detail regarding the end-to-end process for strategic and operational planning, including key processes such as the strategic away day and completion of work plans.</p> <p>Management should create a formalised change management process and implement appropriate controls to ensure that changes to the organisations' strategy are captured and updated within the relevant documentation.</p>	<p>The strategic and operational planning process has evolved over a number of years and is now embedded in the organisation. With the introduction of new strategic priorities and the development of a new Corporate Strategy and annual corporate plan, we will take the opportunity to document the process we follow and will also refresh the process map we have in the Quality Management System.</p> <p>Action Owner: Jacqueline Ladds, ED of Policy & External Relations</p> <p>Date for Completion: End of Q3 18/19</p>	<p>In Progress & Overdue:</p> <p>A documented process description and corresponding map for strategic planning is currently still in draft format and requires further amendments to be finalised. It is understood that a review of this document is an agenda item for the SMT for 26th February. It is understood that the action was not completed in line with the original due date due to a reprioritisation of commitments by Management.</p> <p>The action owner has agreed a revised completion date per below.</p> <p>Revised Date for Completion: March 2019</p>

Strategic & Operational Planning – Stakeholder Prioritisation

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
3	<p>Finding</p> <p>Effective stakeholder management is a key strategic area for HCPC. Our review of the Communications Strategy and wider documentation identified that whilst stakeholders are clearly identified (e.g. employees, education providers, government, general public and PSA), there is no approach or methodology in place for prioritising stakeholder groups. For example, a grid/matrix is not used to facilitate discussion on their level of interest and impact to the organisation, with targeted plans in place to manage their expectations.</p> <p>Implication</p> <p>Stakeholders may not be managed appropriately as they are not being appropriately classified, and stakeholder activity targeted to the stakeholders in order to ensure maximum effectiveness of activities.</p>	Medium	<p>Management should introduce a stakeholder map/grid, which identifies and places stakeholders in different quadrants based on their level of interest and impact to HCPC.</p> <p>For example, each quadrant could be classified as 'key players', 'keep informed', 'keep satisfied' and 'minimum effort', in line with practice we have observed in other organisations and sectors.</p>	<p>For some time, we have used a stakeholder matrix to support our engagement and communications work. This sets out who all our stakeholders are, by type and organisation as well as their interests and who in the organisation is responsible for leading the engagement. For specific projects or pieces of work, we also identify key stakeholder groups we need to engage with and tailor our communications accordingly.</p> <p>With the development of a new stakeholder engagement and communications plan, we have taken the opportunity to further refine the stakeholder matrix in line with the good practice identified here. This was discussed with Council in their May meeting and the work is currently underway.</p> <p>Action Owner: Jacqueline Ladds, ED of Policy & External Relations</p> <p>Date for Completion: End of Q3 18/19</p>	<p>In Progress & Overdue:</p> <p>Development and review of the Stakeholder Matrix is currently in progress. We have evidenced screenshots of the database (full access was not provided for personal data reasons) and we understand that key personnel across the organisation are being consulted. The action was not completed in line with the original due date due to a reprioritisation of commitments by Management.</p> <p>The action owner has agreed a revised completion date per below.</p> <p>Revised Date for Completion: March 2019</p>

FTP Improvement Plan- Reporting Processes to Internal & External Stakeholders

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
4	<p>Finding</p> <p><u>Internal stakeholder communication</u></p> <p>An internal communications plan was drafted setting out, amongst other things, responsibilities, strategy, objectives, key messages, risks, and tactics. The tactics refer to the specific actions to be performed to deliver the key messages. It was however noted that the Internal Communications Plan had not been formally reviewed and approved by the Project Board.</p> <p>Review of the internal communications plan further noted that it is not sufficiently detailed and is not regularly updated. Our detailed observations are as follows:</p> <ul style="list-style-type: none"> • Three of the 20 tactics did not have a specific responsible person assigned. • Some tactics do not have clear due dates / timelines assigned e.g. “Summer 2018” and “tbc?” • The plan has not been updated since its inception in April 2018 and progress in respect of some of the tactics has not been completed. • Three instances were noted where the tactics had not been completed in line with the planned timescales. It was not always clear, based on the internal communications plan, what the root cause was and what the updated target action date is. <p>Supporting meeting minutes and discussions with Management advised that progress in</p>	Medium	See Agreed action.	<p>a) The internal communication plan will be updated to clearly reflect responsible persons and specific action due dates. Additionally, the internal communication plan will be updated to reflect the current status of all actions on an ongoing basis (i.e. in the weekly Project Team meetings). New anticipated due dates for overdue actions will be completed and monitored.</p> <p>b) The external communication strategy document will be updated to reflect the relevant responsible persons, target action dates and the status of actions. The document will be updated as part of the Project Team meetings.</p> <p>c) Both internal and external communication plans will be reviewed and approved by the Project Board to confirm that they remain fit for purpose. Progress against the plan will be monitored as part of the Project Team meetings to ensure tactics are undertaken on a timely basis.</p> <p>d) The internal and external stakeholder communication</p>	<p>Complete:</p> <p>a) We have been provided with the Internal Communication plan, which has been updated as per the agreed action to reflect responsible persons, due dates and action statuses.</p> <p>b) An External Communication Strategy document has not been developed. We understand that at the late stage of the FTP Improvement plan (due to complete March 2019) that the Project Board did not think development was the best use of resources, but that this will be considered for future projects. The Project Board do however discuss external communications strategy at Board meetings as evidenced by meeting minutes. There are a limited number of communications required prior to end of the project.</p> <p>Given the above, Management are comfortable to accept the associated residual risk.</p> <p>c) The internal strategy was approved at the January 2019 Project Board Meeting</p>

<p>respect of the internal communications was, and continues to be, discussed at the Project Team and Board meetings, although not specifically tracked and updated in the communication plan.</p> <p><u>External stakeholder communication</u></p> <p>In respect of external communications, it was noted that a Communications Strategy and stakeholder analysis had been performed as part of the FtP Improvement Project Initiation Document (PID). The document however does not include the details of communications with external parties in the same level of detail as the internal communications plan. It was further noted, and similar to the internal communications plan, that clear articulation of the responsible persons and due dates have not been documented for all actions identified. The document has also not been updated to reflect whether actions have been completed.</p> <p>External communications is also discussed and progress reported in Project Team and Board meetings, although not tracked against a formal and detailed external communication plan.</p> <p>Finally, it was also noted that that internal and external communications, in respect of the plan, are not tracked in Microsoft Project.</p> <p>Implication</p> <p>Where actions do not have clear responsibility assigned to them there may be ambiguity on who is responsible for ensuring completion. This may lead to actions not being completed in line with the communication plan. If clear timelines or completion dates are not specified it increases the risk that actions will not be completed on a timely basis.</p>			<p>tactics will be added to Microsoft Project.</p> <p>Action Owner: Kellie green, FTP Improvement Lead</p> <p>Date for Completion: November 2018</p>	<p>as evidenced by meeting minutes.</p> <p>Communications (both internal and external) are discussed and managed as a standing agenda item at Project Board and Project Team meetings.</p> <p>As captured in action b) an external communications plan has not been developed.</p> <p>d) Internal & External stakeholder communication tactics have not been added to Microsoft Project, though progress is tracked via other mechanisms, e.g. discussion at Project Board meetings and Project Team meetings. The Project Board did not consider it the best use of resources at the late stage of the project to update Microsoft project given the limited number of communications remaining, but this will be considered for future projects.</p> <p>On this basis, Management are comfortable to accept the associated residual risk.</p>
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	<p>Further, if the communications plan is not reviewed and regularly updated, this increases the risk that incomplete or delayed actions will not be highlighted, appropriately escalated and prioritised. There may also be a lack of visibility of the progress and implementation.</p> <p>The above implications may ultimately result in ineffective and / or inadequate communication with internal and external stakeholders.</p>				
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FTP Improvement Plan- Resource Planning

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
5	<p>Finding</p> <p>Instances were noted where the Project plan did not have resources allocated to the tasks underpinning the overall deliverable, which was to draft revised job descriptions. Discussion with management advised that resources were not allocated as interdependencies had not been identified and 5 preceding activities needed to be completed first. It was decided that resources would be assigned nearer to the time of completion (due to be completed November 2018).</p> <p>Implication</p> <p>In instances where resource has not been assigned suitably far in advance, there is a risk that the resource might not have capacity to complete the required deliverables. This may have an impact on the timely completion of deliverables prior to the PSA's visit in December 2018 or in view of the March 2019 deadline.</p> <p>There is a risk that interdependencies have not been identified for other Project deliverables, which might result in unforeseen delays.</p>	Medium		<p>Management will review the resourcing of tasks, including those that have been delayed due to re-planning, to ensure there is adequate resource available to complete the task.</p> <p>All current deliverables on the Project plan will be reviewed to ensure there are no task / deliverable interdependencies that the Project Team are unaware of.</p> <p>Action Owner: Tim Kitchener, Senior Project Manager</p> <p>Date for Completion: November 2018</p>	<p>Complete:</p> <p>The Improvement Project plan, showing tasks as allocated to particular resources, has been prepared. It is understood that during January 2019 a review of the capacity of resources working on the project was undertaken, which included a review of task/deliverable interdependencies, however this was not a formal process and so no evidence of it taking place is available.</p>

Phase 1 Registration Project: Governance & Project Management - Governance

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
6	<p>Finding</p> <p>Phase 1 was described as employing a hybrid approach but overall management, as shown by progress reporting and project plans, was largely waterfall in nature. According to those interviewed in this audit, HCPC as an organization is not familiar with elements of the agile approach to project delivery. Historically the HCPC Council has favored the traditional approach based on PRINCE2 whereby the scope of what is to be delivered is, in effect, established and fixed at the outset of the project. There has not been the opportunity to explore different methodology approaches to project delivery at HCPC.</p> <p>Implication</p> <p>Features of a particular methodology or approach to project delivery may make it more effective than another for aspects of a specific project. Where the use of different approaches is not fully considered in terms of their individual applicability, there is a risk that an opportunity to optimise the outcome of a project may be missed</p>	Medium	The Project Board will assess the relative advantages and disadvantages of various project management approaches. If it is determined that the most effective methodology is likely to be different from the traditional approach favoured historically by HCPC, the project team will present a justified case for using the methodology to SMT for decision, and to Council for discussion.	<p>The strategic and operational planning process has evolved over a number of years and is now embedded in the organisation.</p> <p>With the introduction of new strategic priorities and the development of a new Corporate Strategy and annual corporate plan, we will take the opportunity to document the process we follow and will also refresh the process map we have in the Quality Management System.</p> <p>Action Owner: Project Board</p> <p>Date for Completion: 28 August 2018</p>	<p>In Progress & Overdue:</p> <p>The Project Management Guide has been provided which demonstrates version control and updates which have taken place. We have also evidenced review of the Project Management Guide by Management. SMT will consider the merits of a more agile approach to project management at its meeting in February, but until such a time a decision is made the current methodology will apply.</p> <p>Revised completion date below has been agreed with action owner.</p> <p>Revised Date for Completion: March 2019</p>

Phase 1 Registration Project: Governance & Project Management – Procurement

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
7	<p>Finding</p> <p>The G-Cloud framework is a procurement method that involves engaging suppliers that have already been vetted and approved by the Government. It provides a secure procurement channel for public sector organisations and its use is strongly recommended both by the Government and by HCPC's own internal policies and procedures. Nevertheless, use of G-Cloud restricts HCPC in terms of the development partners it is able to select leading to the exploration of certain options being precluded from the selection process.</p> <p>Implication</p> <p>The Registration Project has a number of business and technical requirements that are not immediately available by a solution “out of the box” or with little configuration which either may not be met by one of the pre-approved suppliers or may cost significantly more than would be the case if an equivalent supplier that is not registered on the framework could be used. There is a risk, therefore, that using the G-Cloud framework may lead to higher costs or to the requirement to remove certain functionality from scope in order to fit the available budget or supplier experience</p>	Medium	<p>Given the particular nature of the Registration solution, HCPC should perform a review of the procurement process for Phase 2 of the Registrations Project to establish whether suppliers who are on the G-Cloud can provide the particular expertise required and do so at an acceptable cost. The relative risks of using G-Cloud versus the open market should also be assessed.</p>	<p>The project must operate within HCPC's Procurement Policy and Procedure: for large value procurement government procurement frameworks or an OJEU tender are the options available; for lower value procurement we can follow internal tender processes for any service provider. Based on the current requirement set, there is no impediment from available suppliers on the G Cloud framework agreement.</p> <p>We will ensure we have an appropriately varied G Cloud long-list and shortlist and engage other vendors for lower value services where necessary. If an appropriately varied G Cloud long-list and shortlist cannot be compiled, we will consider seeking permission to procure using another method.</p> <p>Action Owner: Project Board</p> <p>Date for Completion: 1 November 2018</p>	<p>Complete:</p> <p>Evidence has been observed which demonstrates that the Project Board considered the use of different suppliers available in the G Cloud, and their suitability, and that the Project Board were satisfied with the long-listing and shortlisting exercises which took place. We observed a spreadsheet containing a long-list and shortlist and the request for clarification of services, sent to relevant suppliers.</p>

Budgeting, Forecasting & Extended Key Financial Controls — Budgeting Policies & Procedures

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (Date / Ownership)	Grant Thornton Follow-up Review (January 2019)
8	<p>Finding:</p> <p>We reviewed HCPC's Financial Operating Guidelines for new Budget Holders and noted that there was guidance relating to the budgeting process, key stakeholders' roles and responsibilities, and the wider end-to-end process.</p> <p>It was however identified that there is no requirement within the budgeting policies and procedures to submit supporting documentation in order to ascertain how the budget lines have been calculated. Refer to recommendation four, also, where it was observed for one department that supporting documentation was not provided for all expenditure included in the budget.</p> <p>Further, we were unable to ascertain as to who the policy owner and reviewer were in regards to the Financial Operating Guidelines for New Budget Holders. In line with generally accepted good practice, this information should clearly be visible within the Financial Operating Guidelines document.</p> <p>Implication</p> <p>Lack of the requirement to provide supporting documentation for budgeted expenditure may lead to inaccurate budgets and less opportunity to challenge the budgets presented.</p> <p>Without a clearly defined policy owner and reviewer, policies may not be regularly reviewed, leading to outdated documentation, and a heightened risk that the appropriate policies and procedures will not be adhered to and key tasks omitted.</p>	Medium	<p>The Financial Operating Guidelines for New Budget Holders should include guidance regarding when supporting documentation is required to be submitted in the budget templates (i.e. where the budget line item represents 5% of the total budget value in line with HCPC expectations).</p> <p>Management should ensure that all policies and procedures relating to the budgeting process have clearly defined policy owners and reviewers. There should be a mandatory requirement to review relevant policies and procedures, as a minimum on an annual basis, with version control in place to ensure that budget holders are using the latest version.</p>	<p>Updated Guidelines for New Budget Holders to be reviewed by SMT before end of Q3. Document to be communicated out to all budget holders after approval by SMT.</p> <p>Action Owner: Director of Finance</p> <p>Date for Completion: December 2018</p>	<p>Complete:</p> <p>Guidelines for New Budget Holders were prepared, which notes that in setting budgets the budget holder must provide supporting documentation or calculations where the budget line items represent more than 5% of the total budget for the department. Minutes from an SMT meeting on 30th October 2018 demonstrate that the Guidelines for new budget holders were approved. An email was observed demonstrating communication to budget holders, as well as a screenshot of the organisation's intranet page, which demonstrates that the new guidelines have been made available for budget holders.</p>

Budgeting, Forecasting & Extended Key Financial Controls – Changes to budget post approval from the council

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
9	<p>Finding</p> <p>There is no formal guidance in place detailing how changes to the budget should be managed post approval from the Council. The only relevant guidelines observed during the audit fieldwork related to the need for budget holders to achieve their budget to within +/- 5%.</p> <p>We also identified that there is no process in place regarding approval thresholds in instances where budget holders require additional spend due to unplanned events.</p> <p>Implication</p> <p>Without appropriate change management controls in relation to amendments to the approved budget, additional expenditure may be incurred by HCPC which is not communicated to key stakeholders such as EMT, CEO, Council and the Audit Committee</p>	Medium	<p>Management should include a change management section within the Financial Regulations detailing the change management process, and in particular relevant review and sign-off procedures.</p> <p>Approval thresholds (in percentage terms or absolute values) should be clearly documented in the Financial Operating Guidelines. In instances where budgets need to be amended, this should be formally captured and appropriately reviewed in line with the agreed thresholds.</p>	<p>We will review the processes for approval in the Financial Regulations and the Financial Operating Procedures that are made under the Financial Regulations. Any changes will be proposed to the November Audit Committee meeting.</p> <p>Action Owner: Director of Finance</p> <p>Date for Completion: December 2018</p>	<p>Complete:</p> <p>We observed minutes from the Council Meeting on 6th December 2018. This demonstrates council approval of the revised financial regulations.</p>

Budgeting, Forecasting & Extended Key Financial Controls – Budgets: Audit Trails to support the accuracy of the financial figures

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
10	<p>Finding</p> <p>Through our testing of the IT and Fitness To Practice divisions' budget templates, we identified good practice in terms of supporting documentation and audit trails being available for review. For both divisions, each line item populated in the budget template was linked to supporting workings, in order to justify the costs included. However, we reviewed the Communications budget template and noted that certain amounts had been populated without a reference to supporting documentation/relevant worksheets. For example, values were manually entered into cells for the 2017/2018 budget templates totaling approximately £335k without any supporting documentation. As a result, we were unable to comment on the accuracy of budget line items against supporting information.</p> <p>Implication</p> <p>Inputting amounts into spreadsheets without reference to supporting worksheets, or other supporting information, may result in inaccurate or inappropriate budgets being produced.</p>	Medium	The Finance Team should ensure that, going forward, all budget template submissions and supporting evidence has been provided to validate the expenditure lines. In instances where this has not been adhered to, the Finance Team should seek further justification and evidence.	<p>A threshold will be set out in the "Guidelines for New budget holders" and once approved; we will distribute this out to each budget holder.</p> <p>Finance will ensure that supporting documents are obtained for all expenditure lines above the threshold.</p> <p>Action Owner: Head of Financial Accounting</p> <p>Date for Completion: December 2018</p>	<p>Complete:</p> <p>Guidelines for New Budget Holders were observed, which notes that in setting budgets the budget holder must provide supporting documentation, or calculations, where the budget line items represent more than 5% of the total budget for the department. One example budget was observed which shows supporting documents were provided for expenditure items above this threshold. An email was also observed, showing communication to budget holders, as well as a screenshot of the organisation's intranet page, demonstrating that the new guidelines have been made available for budget holders.</p>

Budgeting, Forecasting & Extended Key Financial Controls – Retrospective Purchase Orders

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
11	<p>Finding</p> <p>Through our discussions with the Finance Team, and subsequent fieldwork, we identified that there are no formal processes or controls in place for tracking employees who consistently raise POs in an untimely fashion or through the use of old POs, in order to identify and provide training for the individuals involved. Whilst our sample testing did not find any retrospective POs, management are aware of late POs being raised. This further suggests that the current process for raising purchase orders cannot be relied on as staff could raise purchase orders once invoices are sent by relevant suppliers.</p> <p>We understand since our fieldwork that Management have taken action to communicate with staff to prohibit the use of existing purchase orders.</p> <p>Implication</p> <p>Without appropriate controls for identifying staff who consistently create POs in an untimely fashion, HCPC may be committing to expenditure, without appropriate purchase orders being raised.</p>	Medium	<p>POs should be raised in a timely manner, but more importantly the budget holder/approver should not approve any intent to purchase goods/services without a valid PO. This will prevent the majority of retrospective POs being raised.</p> <p>Management should also track retrospective POs and report these at an appropriate committee, for example SMT for oversight</p>	<p>Meetings to be held with budget holders and performance of regular review to start before end of Q2</p> <p>We will address inappropriate use of retrospective POs through informal communication with the budget holders concerned and their line managers if appropriate.</p> <p>Reporting to a Committee is not required.</p> <p>Action Owner: Head of Financial Accounting</p> <p>Date for Completion: September 2018</p>	<p>Complete:</p> <p>Emails have been observed which demonstrates that a meeting took place in June 2018 which addressed the new process for POs and reminded managers to inform their teams of the new process. An example of a PO Reconciliations being undertaken, to ensure PO's are reviewed in a timely fashion and on hold approvals are followed up on, has been observed as operating in December 2018.</p>

Budgeting, Forecasting & Extended Key Financial Controls – Journals Posting Policies & Procedures

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
12	<p>Finding</p> <p>During our discussions with the Finance Team, supported by testing performed, it was identified that there is currently no documented procedural guidance detailing how journals should be prepared and reviewed, prior to being posted. Based on our discussions with the Finance Director, journals are reviewed by the Head of Finance on a monthly basis. However, this review takes place after journals have been posted, as opposed to before posting in the Sage finance system in line with good practice.</p> <p>Implication</p> <p>Without appropriate procedures in place for journal postings, audit trail requirements and review processes, incorrect or inappropriate amounts may be posted to the general ledger. This could also lead to the need for journals to be corrected, increasing the administrative requirements of the Finance Team</p>	Medium	<p>Management should create a formalised journal posting procedure which includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> • Journal preparation procedures • Journal review processes • The process for recording the journal within the Sage finance system. 	<p>We will create guidance to show the journal posting procedure.</p> <p>We have ensured that segregation of duty exists between reviewer and submitter of journals.</p> <p>All journals are showing in the transaction listing and reviewed by budget holder as part of month-end review process.</p> <p>To avoid creating a bottleneck and delay month end processes, journals are reviewed after they are posted, but before we finalise the month end account. The current financial system does not support approval routes for journals. We will have to keep the current process until a new system is in place.</p>	<p>Complete:</p> <p>Documented guidelines have been developed for General Ledger Journal Entries, which includes approval requirements and processing procedures for different types of journal. Evidence was observed to validate that, for three journals selected, that journals were prepared and approved by independent persons. Transaction listing are saved in a shared location for budget holders to access. The process of review by budget holders as part of month end processes is often undertaken via email; skype; by phone or in person but this is not formally documented. However, emails were observed which demonstrates evidence of review in December 2018.</p>

Budgeting, Forecasting & Extended Key Financial Controls- Accounts Payable - Supplier Statement Reconciliations

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
13	<p>Finding We observed on an ad hoc basis that the finance team carry out an informal check to confirm supplier balances. This is carried out through an exchange of emails between the finance team and the suppliers. The evidence of the supplier confirmations are then retained on a shared finance mailbox. We observed there was no systematic filing of supplier statements and therefore the shared mailbox is just being used as a repository.</p> <p>The current supplier reconciliation process is not adequate, for example any differences in values arising between Sage and the suppliers' statement of account (confirmation) are not captured in the current process, and therefore there is a risk that these differences are not readily known or resolved in a timely manner. In addition, based on our sample testing of the current supplier reconciliations process, we identified one instance where the supplier statement of account was not obtained to confirm the supplier balance back to Sage.</p> <p>Implication Without supplier reconciliations being performed between the suppliers' statement of account and the accounts payable ledger, there is a risk that the amount owed by HCPC is not accurately recorded in Sage.</p>	Medium	<p>The Finance Team should perform supplier reconciliations on a frequent basis, to ensure that the correct amounts are recorded in Sage.</p> <p>Month-end close procedure documentation should be updated to ensure that there is a mandatory requirement to perform supplier statement reconciliations, which are then reviewed by the Head of Financial Accounting.</p>	<p>We will continue to request supplier statement and reconcile while we review Purchase Order listing and in preparation for month end Accounts Payable closing process. We will ensure better documentation (electronically) of the supplier balances we have reconciled and regular review are taking place by the financial account.</p> <p>During month end, Head of Financial Accounting will review the top 10 supplier to ensure supplier reconciliation took place and that they have been reviewed. We will record all approval electronically.</p> <p>Head of Financial Accounting will review and document review for the top 10 suppliers electronically.</p> <p>Action Owner: Head of Financial Accounting</p> <p>Date for Completion: July 2018</p>	<p>Complete: The Top 10 Supplier Reconciliation has been observed. This demonstrates investigation of the difference between the HCPC Creditors report and the supplier statements provided. Suppliers, in some instances, did not provide supplier statements and so reconciliation was not possible. Where no supplier statements were available emails were provided which show requests for these statements were made by finance. Further, this Top 10 Supplier statement reconciliation shows evidence of review by the Head of Financial Accounting.</p>

Budgeting, Forecasting & Extended Key Financial Controls - Changes to Supplier Master Data

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
14	<p>Finding</p> <p>Based on our audit work, we carried out checks to understand whether the changes to supplier master data including bank details are reviewed and approved in a timely manner. We found through our fieldwork and discussions that the HCPC have the ability to run an audit log report from Sage, which picks up changes to supplier master data (including bank details, business address, and contact details). However, we found that the report has not been run on a regular basis, if at all. We were provided with the audit log during our field work, and noted from our review of the report, that the 'approved on' date fields were blank, and we were therefore unable to ascertain whether approvals were provided for relevant amendments through the right process/system. Discussions with the Head of Finance identified that HCPC are working with Sage to create a plug-in, where appropriate approval can be obtained, prior to making any changes to the supplier master data.</p> <p>Furthermore, based on our fieldwork, we were able to validate that appropriate segregation of duty controls are in place as the Transactions Team and IT super-users are the only individuals who have access in Sage 200, to make changes to supplier master data. Through our discussions with the Head of Finance, we noted that IT super-users do not have Sage installed on their computers and therefore, are currently unable to make changes to supplier master</p>	Medium	<p>Given that the organisation has a system in place that allows it to capture changes to supplier information, we would strongly recommend that the system is used to capture the approval (through the new Sage plug-in or equivalent) of changes by an appropriate and authorised individual(s).</p> <p>Management should introduce a formal control, which requires a periodic (monthly) review and approval of changes to supplier master data, including agreement to supporting documentation, and confirmation through discussion with the supplier.</p> <p>Management should evaluate whether Sage is able to provide the relevant reports/data extracts to be able to compare supplier and employee bank account details; for example through exporting data into Microsoft Excel and running a 'V-lookup' query.</p>	<p>We have obtained the license string for this function; this will apply to the system in June 18.</p> <p>We will include a new step in the weekly payment run, to ensure a report has been run to show that all changes made to the supplier database are approved.</p> <p>We will investigate this with Sage and investigate any risks associated or unintended consequences associated with carrying out this action.</p>	<p>Complete:</p> <p>We selected two weeks to validate that the control proposed by management is in place. For both weeks, a log was received which captures changes to the supplier database and the staff member making the change and approver. In both instances they were independent persons</p>

<p>data. Finally, we reviewed a sample of spot checks performed regarding changes to supplier master data through validating the bank account details on the BACs run to the supplier invoice. However, this is currently being performed on an ad-hoc basis by the Head of Finance.</p> <p>Implication</p> <p>There is a risk that inappropriate or fraudulent changes could be made to supplier master data, such as bank details, and this would not be identified as the change report is not reviewed, and amendments are not agreed to supporting documentation and approved prior to changes being made.</p>				
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Social Workers Transfer Project – Project Management Guide

Ref	Finding and Implication raised in the initial report	Rating	Proposed action as per the initial report	Agreed action (<i>Date / Ownership</i>)	Grant Thornton Follow-up Review (January 2019)
15	<p>Finding</p> <p>When a major project is being delivered at HCPC, the HCPC Project Management Guide must be used which provides guidance on the HCPC specific processes that are to be followed throughout the delivery of the project. The Project Management Guide must be adhered to if a Project meets two or more of the following criteria:</p> <ul style="list-style-type: none"> - Failure to deliver, or non-delivery of the project, would cause a risk to the reputation or operation of the business - The project involves 3 or more departments - The project has a significant public / political impact - The project involves a significant change to a business process - The project involves a significant change to a core technology system <p>The transfer of Social Workers meets all but the last criteria point.</p> <p>The project management guide was last updated in January 2014. The guide is not periodically reviewed to ensure that the information in the guide is up to date and still relevant for major projects delivered by HCPC. At the time of the review, the project was in its early stages and Internal Audit did not identify any issues within the Guide. However, it is good practice to perform</p>	Medium	Management will review and approve the Project Management Guide on an annual basis to ensure that the information is up to date and the principles documented in the Guide are aligned to current working processes. Version control will also be maintained.	Management attest that this action point can be closed. Internal Audit will perform a follow up of the agreed management actions prior to the next review commencement.	<p>Complete:</p> <p>The Project Management Guide has been observed and shows version control, last updates and reviews performed. It was last updated on 23rd January 2019. We have also observed emails which evidence that management have reviewed and approved the Project Management Guide.</p>

	<p>periodic review of the Guide and identify potential areas of improvements.</p> <p>Implication</p> <p>The project management guide may not be aligned to HCPC's current processes and ways of working. This could result in an adverse impact on the project delivery</p>				
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A Approach and responsibilities

Approach

Our outline approach to the audit was as follows:

- Review of documentation provided by control owners to validate completion of agreed actions
- Discussion with staff and key control owners to understand the progress made in the completion of agreed actions

Client staff

The following staff were consulted as part of this review:

- Giba Rahman, Executive Assistant to the Chief Executive, Registrar and Chair
- Paul Cooper, Interim Head of Projects
- Jacqueline Ladds, Executive Director for Policy and External Relations
- Margaret Obisowale, Interim Head of Financial Accounts
- Katherine Timms, Head of Policy & Standards
- Tim Kitchener, Senior Project Manager
- Kellie Green, FTP Improvement Project Lead
- Daniel Dawit, Treasury Accountant.

Documents received

The following documents were received and reviewed during the course of this audit:

- Supplier Reconciliation and supplier statements
- Supplier Details Audit log
- SMT Minutes
- General Ledger Journal Entry Procedure
- Journals Listings
- Journals supporting evidence
- Communication of guidelines for budget holders
- Guidelines for budget holders
- Retrospective raising of PO's email communications
- Project Management Guide
- Emails on review of Project management guide
- PO reconciliation
- Financial Regulations

- Budget example & support
- Project Board minutes
- Internal Communications Plan FTP Improvement Plan
- Ftp Improvement Olan
- Shortlist & longlist of supplier
- HCPC request for clarification – G Cloud
- Registration Transformation & improvement Project Board minutes
- Whistleblowing policy
- SMT Minutes
- CER Strategic & operational Planning process map
- Stakeholder Matrix – progress report.

Locations

This review was undertaken as a desktop review, communicating with Management using telephone and email exchanges.

B Audit Issue Rating

Audit Issue rating

For context purposes, audit issue ratings. Are summarised below.

Rating	Description	Features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in control that requires the immediate attention of management	<ul style="list-style-type: none"> • Key control not designed or operating effectively • Potential for fraud identified • Non-compliance with key procedures / standards • Non-compliance with regulation
Medium	Important findings that are to be resolved by line management	<ul style="list-style-type: none"> • Impact is contained within the department and compensating controls would detect errors • Possibility for fraud exists • Control failures identified but not in key controls • Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures	<ul style="list-style-type: none"> • Minor control weakness • Minor non-compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or best practice advice	<ul style="list-style-type: none"> • Information for department management • Control operating but not necessarily in accordance with best practice



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