

Audit Committee, 3 August 2020

Matters Arising

Executive summary and recommendations

Attached is an actions list as agreed at the last public meeting of the Audit Committee.

	Action point (and location in the minutes)	For the attention of/ Comment on progress
4 March 2020		
1	<p>Item 17. Audit Committee forward work plan (report ref: AUD 17/20)</p> <p>The Committee noted that whistleblowing would be added to June and the interim governance statement to the November meeting. (17.1)</p>	<p>Executive</p> <p>Whistleblowing will now be presented at the September meeting due to the impact of the pandemic response on resource focus.</p>
10 June 2020		
2	<p>Item 5. Minutes of the Audit Committee meeting of 4 March 2020 (report ref: AUD 02/20)</p> <p>The Committee approved the minutes. The Executive agreed to check that the independent financial baseline review referred to at 5.1 in the minutes had been sent to the independent member. (5.1)</p>	<p>Complete – Baseline review has now been shared with the independent member.</p>
3	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>Attention was drawn to the transformation (change) work and the transfer of social workers. The Executive agreed that these should be reflected in the Annual Report and the yearly highlights. (7.4)</p>	<p>Executive - Transformation work has been included within the future development section of the Annual report. Transfer of social workers has been referenced throughout the annual report.</p>
4	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>The Executive also agreed to include a section for EU withdrawal preparations as suggested by the Committee. (7.5)</p>	<p>Executive - This has been included in the latest version of AR&A.</p>

5	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>The Committee agreed that the Annual Report should include a section on COVID-19 and its impacts on the HCPC. Haysmacintyre advised that this should include:</p> <ul style="list-style-type: none"> • the impact it had on the business between when the pandemic started and the year end and post year end; and • the impact on the financial position and financial reserves. (7.6) 	Executive - This has been included in the latest version of AR&A.
6	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>The Executive agreed to check the reason for providing historical statistical data in the performance analysis. (7.8)</p>	Executive - Discussion with NAO suggested that there is no requirement for 5 years' worth of historical data to be disclosed. Review of the accounts direction from the Privy Council also confirms this. Data range has been reduced to 2 years.
7	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>A committee member offered to send comments on some inconsistencies in some of the tables separately. (7.9)</p>	Feedback from the independent committee member has been received and responded to.
8	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>It was noted that in the Statement of comprehensive net income, the business transformation costs had been netted off income in order to distinguish transformation costs from normal operational costs. The Executive agreed to review this treatment with the auditors and amend where necessary. (7.10)</p>	Executive - Transformation costs have been moved to the operational costs section as a separately line.
9	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>The Committee discussed the remuneration report. It was agreed that this should include any Interim Executive Directors along with the CEO and Executive Directors. The approach to</p>	Executive - Interim directors and standard co-opted members of the SMT have been included in the remuneration report.

	disclosure for other members of the SMT was discussed. The Executive agreed to review this for transparency. (7.11)	
10	<p>Item 7. Annual report financial section (report ref: AUD 22/20)</p> <p>The Committee agreed that its ability to provide assurance oversight on the Annual Report was limited at this time as the draft was not very developed. The Committee requested a timetable for the completion of the Annual Report be circulated outside of the meeting. The Director of Finance committed to action this point. (7.12)</p>	Executive - Timeline around the completion of the AR&A has been communicated to the Chair of Audit Committee and Chair of Council.
11	<p>Item 8. External Audit 2019-20 update (verbal)</p> <p>The NAO noted that as John Barwick (JB) had been appointed as the substantive Chief Executive and Accounting Officer, they would need to re-issue their letter of understanding. (8.7)</p>	<p>This has been reissued to the Chief Executive and he has signed this and returned to NAO.</p> <p>The action can be closed.</p>
12	<p>Item 9 Papers from the HCPC's Internal Auditors, BDO LLP as follows; i. Recommendations follow up (report ref: AUD 23/20)</p> <p>The Committee noted the report complemented the internal recommendations tracker document and that this would be updated to take into account the information in BDO's follow up report. The Secretary to the Committee agreed to action this point. (9.i.4)</p>	<p>Secretary to the Committee -</p> <p>The tracker is being updated for the September Audit Committee.</p>
13	<p>Item 9 Papers from the HCPC's Internal Auditors, BDO LLP as follows; iii. Internal Audit Plan 2020-21 progress update (report ref: AUD 25/20)</p> <p>The Executive agreed to bring forward the audit in relation to IT general controls and agreed that this would be a well-timed piece of work given the current remote working situation along with the digital transformation work. (9.iii.3)</p>	<p>Executive –</p> <p>The Audit was brought forward to July 2020 and the findings will be presented at September's Audit Committee.</p>
14	<p>Item 11 Annual Information Governance Report 2019-20 (report ref: AUD 27/20)</p> <p>The IGM highlighted to the Committee that</p>	<p>Executive -</p> <p>The Committee were notified by email that the ICO closed this self-referral with no action</p>

	<p>there has been one incident recently referred to the ICO, that falls outside of the 2019-20 report. The incident was due to an administrative error in FTP and the risk assessment scoring came up as a high amber. Due to other factors it was nevertheless decided to report to the ICO. It is not expected that the matter will reach the ICO threshold for regulatory action and the Committee would be updated by the Head of Governance when a response from the ICO was received. (11.3)</p>	<p>required.</p>
15	<p>Item 11 Annual Information Governance Report 2019-20 (report ref: AUD 27/20)</p> <p>The Executive agreed to include information on yearly trends and indicators of improvement in future reports. (11.4)</p>	<p>Executive - this will be included in future reports, and as part of the regular internal assurance report section on information governance</p>
16	<p>Item 14 HCPC Committee review 2020 (report ref: AUD 29/20)</p> <p>Sarah Hillary of BDO commented that the Committee asked the right questions based on the papers it considered. She suggested that the Committee could challenge itself with a facilitated workshop on, 'what don't we know?' looking at the root cause of some organisational failures in other organisations. The Committee welcomed this suggestion and commented that this would add value for Council in terms of scrutiny. The Secretary to Committee will explore options and report back to the Chair of Audit Committee. (14.4)</p>	<p>Secretary to the Committee - BDO are preparing a proposal</p>
17	<p>Item 17. Any other business</p> <p>Gavin Scott raised the matter of adjusting the Risk Appetite. The Committee felt that this would be best served by holding a workshop with Council and SMT. (17.1)</p>	<p>This is being discussed with the Chair of Council to find a suitable space to explore.</p>
18	<p>Item 17. Any other business</p> <p>The Chair requested that an update on risk management improvement be presented at the September meeting. (17.2)</p>	<p>Not yet due, this will be presented at the September 2020 meeting as requested.</p>

Decision

The Committee is requested to note the document. No decision is required.

Background information

Please refer to individual papers and minutes for the background to decisions.

Resource implications

None

Financial implications

None.

Appendices

None.

Date of paper

27 July 2020