

Audit Committee, 17 September 2020

Matters Arising

Executive summary and recommendations

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

	<b>Action point (and location in the minutes)</b>	<b>For the attention of/ Comment on progress</b>
4 March 2020		
1	<p><b>Item 17. Audit Committee forward work plan (report ref: AUD 17/20)</b></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>Both will now be presented at the November meeting due to the impact of the pandemic response on resource focus.</p>
10 June 2020		
2	<p><b>Item 9 Papers from the HCPC's Internal Auditors, BDO LLP as follows; i. Recommendations follow up (report ref: AUD 23/20)</b></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 has been updated.</p>
3	<p><b>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)</b></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 are being presented at September's Audit Committee.</p>
4	<p><b>Item 14 HCPC Committee review 2020 (report ref: AUD 29/20)</b></p>	<p>Executive –</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>In discussion with the Chair of Audit Committee and Chair of Council it was agreed that a future focused session would be more appropriate for the HCPC. The October risk appetite session will achieve this.</p>
5	<p><b>Item 17. Any other business</b></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>Executive –</p> <p>A facilitated session on risk appetite will be included in the Council Strategy days in October 2020</p>
6	<p><b>Item 17. Any other business</b></p> <p>The Chair requested that an update on risk management improvement be presented at the September meeting. (17.2)</p>	<p>Executive –</p> <p>To be presented at the September 2020 meeting.</p>
3 August 2020		
7	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>Haysmacintyre advised the Committee, that with the lockdown easing and the property market picking up, the surveyor should be better placed to provide a firmer valuation and remove the caveats and uncertainties. This would not require a re-valuation by the surveyor. The Committee noted that the HCPC accounting policy required the valuation figure. The Executive agreed to revert to the surveyor and request an updated and assured property valuation. (7.5)</p>	<p>Executive –</p> <p>We have contacted our Surveyors who stated that there has not been much change since the report was issued, this was communicated to both auditors who confirmed that there is no more required from us but there will be an emphasis of matter paragraph to the audit report.</p>
8	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>In a response to a suggestion on the future developments section of the report, the Executive agreed to consider ordering the list by importance with the Corporate Strategy being at the top. (7.8)</p>	<p>Executive –</p> <p>This has been updated in the latest version of the accounts.</p>
9	<p><b>Item 7. Draft Annual Report and Accounts</b></p>	<p>Executive –</p>

	<p><b>2019-20</b></p> <p>The Committee agreed that a note on consultancy and off-payroll engagement should be reviewed for consistency in relation to the remuneration report. The NAO advised the Committee that a solution could be a line of narrative underneath the remuneration report to clarify any persons employed in a temporary role, off payroll. (7.9)</p>	<p>Wording in this section has been updated to better reflect the current off payroll engagement arrangements.</p>
10	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee noted that statutory documents can include visual elements and encouraged the Executive to consider this and review the content of the report to reduce its size for future years. (7.13)</p>	<p>Executive –</p> <p>We will hold a debrief to discuss how the process of AR&amp;A production can be improved and streamlined next year. As part of the discussion, we will look into how contents can be reduced and more visualisation can be used in next year's accounts.</p>
11	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee agreed that the report should include future messaging, with elements relating to items such as the prevention strategy and HCPC's desire for regulatory reform. It was suggested that these should be considered for inclusion in the Chair's forward. The Executive agreed to review the report and to ensure the future messaging is clear. (7.13)</p>	<p>Executive –</p> <p>This has been reviewed and updated.</p>
12	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee further discussed the settlement payments in the report and agreed that while the report is clear and transparent in relation to settlements, the use language along with the public statements made at the time of departure from those posts, appeared to be inconsistent. The Executive agreed to review and correct any inconsistencies. (7.18)</p>	<p>Executive –</p> <p>This has been updated in the latest version of the accounts.</p>
13	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee agreed that the messaging should be stronger in relation to the transformation of the organisation and the</p>	<p>Executive –</p> <p>This has been updated in the latest version of the accounts.</p>

	changes that were necessary, and that this should be included in the remuneration report given the settlement payments made. (7.19)	
14	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee agreed the following changes to the report and committed to passing on any further comments to the Executive by email following the meeting: - (7.20)</p> <ul style="list-style-type: none"> <li>• the current and previous reserves policy is stated in two different areas of the report and could be confusing. The Executive should review for consistency.</li> <li>• contingent liabilities referenced at note 18 of the Notes to the Financial statements for year ended 31 March 2020, should provide a fuller explanation and be consistent with the Parliamentary accountability and audit report section.</li> <li>• the Chair of Audit Committee is a Lay Member of Council and this should be amended accordingly in the report.</li> <li>• the remuneration table should include the current Chief Executive's full-time equivalent salary.</li> <li>• note 19 of the Notes to the Financial statements for year ended 31 March 2020 should be updated in relation to the remuneration of Council members.</li> </ul>	<p>Executive –</p> <p>These have all been updated in the latest version of the accounts.</p>
15	<p><b>Item 7. Draft Annual Report and Accounts 2019-20</b></p> <p>The Committee agreed that the opportunity to review the AR&amp;A as a standalone item was welcomed and should be considered in future years. (7.21)</p>	<p>Executive –</p> <p>A stand-alone virtual meeting will be considered when setting dates for 2021</p>
16	<p><b>Item 8 External Audit 2019-20 update</b></p> <p>The Executive agreed to update the members of Audit Committee should anything of significance be raised prior to the September meeting. (8.7)</p>	<p>Feedback on property valuation and update of audit and AR&amp;A progress have been provided to the Chair. Audit Committee members have been sent a draft version of the accounts as part of the wider Council member distribution</p>

		before the September Audit Committee meeting.
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**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**

9 September 2020