

9 November 2022

HCPC Internal and External audit recommendations tracker

Executive Summary

This report provides the Committee with progress updates on the implementation of recommendations arising from Internal and External audits. In addition, any significant Quality Assurance recommendations and recommendations arising from ISO standard audits will be added.

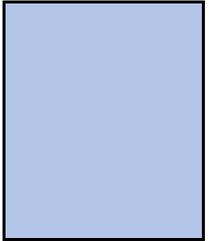
Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

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

Previous consideration	This is a standing item considered at each meeting of the Committee.
Decision	The Committee is asked to discuss and note the report.
Next steps	The next report will be received in March 2023
Strategic priority	All
Risk	All
Financial and resource implications	None as a result of this paper.
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ELT Sponsor	Claire Amor, Head of Governance claire.amor@hcpc-uk.org

Internal Audit report – Education Standards (considered at Audit and Risk Assurance Committee 9 June 2022)

Recommendations summary



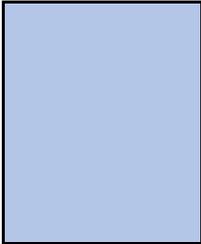
Priority	Outstanding recommendations	Status
High	0	Overdue 1
Medium	0	Not yet due 0
Low	1	Completed 0

Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: Suitable organisations are appointed to deliver educational programmes</p> <p>HCPC should continue to keep the standards under review and provide an annual update to the Education and Training Committee highlighting any issues which have arisen that could prompt an interim review mid-cycle.</p>	<p>Action: Develop an annual reporting mechanism to highlight any issues that could prompt an interim review of the Standards to the Education and Training Committee.</p>	<p>Action Owner: Head of Policy, Standards and Strategic Relationships</p> <p>Completion date: 31/08/2022</p>	<p>Revised date 31 December 2022</p>	<p>Early planning for SETs review not due until the end of the year.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – Registration Payment Process (considered at Audit and Risk Assurance Committee 9 June 2022)

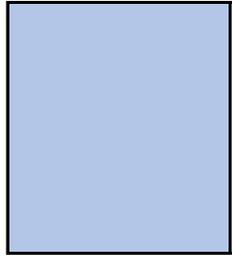
Recommendations summary

Priority	Outstanding recommendations	Status
High	0	Overdue 0
Medium	1	Not yet due 1
Low	0	Completed 0



Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>2 Key Risk Area 2: Systematic issues from the 2020/21 financial reporting exercise have been cleared</p> <p>A long-term solution systems-based solution should be introduced which eliminates, as much as reasonably practicable, the requirement for complex monthly reconciliations and manual journal postings to HCPC's finance system.</p>	<p>Paper submitted to Exec Team stating that a retender will be undertaken to ensure we are covered by the correct CCS Framework agreement and a staggered project implementation approach, as we have an existing platform and partial implementation from which to build on. In the interim, we are close to completing our manual income reconciliations with a level of automation introduced within our files to produce expected revenue, based on our fee structure, which is dependent on the specific renewal cycle and also the type of applicant/registrant (UK or International). This is then compared against the amounts in Business Central and any differences are investigated and, thereafter, corrected within Business Central and/or Customer Engagement (CRM system). Once all corrections and adjustments are made, a final summary check will be carried out to ensure total amounts in BC versus total amounts for expected revenue match. Our reconciliation files will hold data on an individual basis, which will enable us to provide detailed backing of our recognised income and deferred income to audit.</p> <p>We have set a deadline for potential suppliers to submit their bids to undertake the Business Central Reimplementation Project by 10th June.</p>	<p>Action Owner: Doyin Adeleye (Finance Operations Manager)</p> <p>Completion date: 10 June for receipt of bids, timescales</p> <p>Date for a single finance system - 31 March 2023.</p>		<p>The retendering process has now been completed and a preferred supplier identified. Contract negotiations are under way and initial steps towards formulating a project plan have commenced. The objective is to have a single finance system in place by 31 March 2023. Data cleansing of the existing system is ongoing. System-based solution to monthly income reconciliation will be incorporated into the new finance system. The deferred income model is in-scope as part of our BC Re-implementation.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – HCPC Intelligence Gathering (considered at Audit and Risk Assurance Committee 10 March 2021)
 Internal Audit report – Follow up of recommendations (considered at Audit and Risk Assurance Committee 9 June 2022)
 Recommendations summary

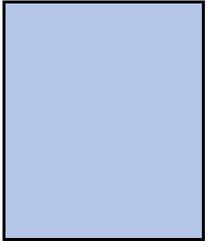


Priority	Outstanding recommendations	Status
High	0	Overdue 1
Medium	1	Not yet due 0
Low	0	Completed 0

Recommendation / Priority (RAG)	BDO's follow up review findings	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>4 Key Risk Area 1: Strategy and Governance 1.2 Data strategy – data platform approach</p> <p>Decisions need to be made formally on what data analysis work is done using the front line systems such as registration & FtP and that drawn from the new data platform. Some data may be available 'self-service' and other will need analysis work.</p>	<p>In Progress - The initial priorities for the Insight and Intelligence function have been defined in the Insight and Intelligence Framework approved in September 2021. We reviewed the approved Insight and Intelligence Framework document and the meeting minutes for the September 2021 Council meeting that showed the evidence of approval. A Council seminar was held on 7 April 2022 to receive and discuss analysis of FtP and EDI data to date. We reviewed the presentation pack for this seminar. We reviewed the data analysis document in relation to FtP and EDI presented to the Council Seminar on 7 April 2022. This is in line with the initial management response in relation to analysis of EDI and FtP.</p> <p>However, Management should establish a plan to develop the CPD analysis for this recommendation to be fully implemented, in addition to the analysis about EDI and FtP data.</p>	<p>Completion date: End of Q4 2021</p> <p>Responsible Officer: Geoff Kirk (Head of IT & Digital Transformation)</p> <p>Gareth Davies Head of Insight and Analytics</p> <p>Naomi Nicholson (Executive Director of Professional Practice & Insight)</p>		<p>A new Programme for Data Excellence project board has been established, chaired by the Exec Director of Professional Practice and Insight. Part of the remit of this group is to review and prioritise the requests for new data and analyses that form the development backlog for the modern data platform and analytical tools that is being developed. The data platform is being developed incrementally in accordance with the priorities agreed through the PDE board.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – Safeguarding controls (considered at Audit and Risk Assurance Committee 9 March 2022)

Recommendations summary



Priority	Outstanding recommendations	Status
High	0	Overdue 2
Medium	3	Not yet due 2
Low	1	Completed 0

Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>Committee note (March 2022): The Committee commented that the report was helpful and provided some good assurance. Whilst some of the management actions were reported as being contained in workplans and therefore completed, the Committee agreed that those actions should remain active in the recommendation tracker with implementation dates until completed.</p>	N/A	N/A	N/A	N/A	N/A
<p>3 Key Risk Area 1: Controls to identify and assess safeguarding risks</p> <p>In addition to the warnings provided at initial and reregistration, we recommend that within the declarations section of the form, applicants are made aware that the failure to disclose relevant information could be treated as dishonesty and result in an FtP investigation more serious than the matter not declared from the outset.</p>	Action: Review the declarations section of the form to make the guidance more prominent with regards to consequences of making false declarations.	Action Owner: Richard Houghton Completion date: 30 April 2022		The change to the online application form is planned to be deployed on the 8 November 2022.	<p>Commentary History See Appendix 1 or</p> <p>[PRESS]</p>

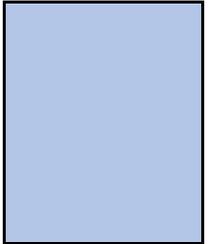
<p>4 Key Risk Area 2: Guidance to registrants on standards and safeguarding risks</p> <p>HCPC should develop a suite of safeguarding materials aimed at assisting registrants manage key safeguarding risks which they may encounter during the course of their professional roles. These materials should be readily available to registrants through HCPC's website. This should be benchmarked against the safeguarding materials provided by other healthcare professions regulators.</p> <p>HCPC should also consider delivering specific safeguarding guidance sessions as part of the programme of Professional Liaison Service webinars.</p>	<p>While we have materials relevant to safeguarding (eg #MyStandards webinars) these are not readily accessible or specifically flagged as safeguarding materials. There is an opportunity to review our materials and update/improve them via the planned review of our Standards of Conduct, Performance and Ethics, due in 2022/23.</p> <p>Action: (1) Add to 2022/23 Policy and Comms team workplans. (2) Add safeguarding to 2022/23 Prof Liaison event programme.</p>	<p>Action Owners: Emma Leary (Head of Policy), Kellie Green, (Head of Professionalism), Tony Glazier (Communication s Lead)</p>		<p>Policy: Work on the SCPE review has commenced, with consultation on the SCPEs due in January and a further consultation on Guidance relating to the SCPEs to follow afterwards.</p> <p>KG: #myhpcstandards webinar on safeguarding was delivered on 21 September 2022. 222 registrants attended and 95% rated the webinar as good and above in the evaluation form.</p> <p>TG: Promoting and supporting #myhpcstandards webinars, including those on safeguarding. Review and updates to safeguarding content in 2022/23 comms workplan</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
<p>5 Key Risk Area 3: Responding to complaints or referrals relating to a registrant's conduct</p> <p>The Case Management Manual document should be formally reviewed and updated to ensure that it accurately reflects the latest case management processes.</p> <p>As part of this review, specific guidance on identifying safeguarding concerns should be detailed within the document. This could be done by also making reference to HCPC's internal Safeguarding Policy.</p>	<p>Action: The Case Management Manual is in the process of being replaced with a series of Best Practise Standards (BPS). This includes a BPS on Risk Assessment.</p> <p>Developing FtP approach and guidance on safeguarding referrals for the wider team is a workplan activity for 2022-23.</p>	<p>Action Owner: Laura Coffey</p> <p>Completion date: BPS development and go live by end of April 2022</p> <p>Safeguarding procedure for FTP development, training and roll out by end of Q3 2022-23.</p>	<p>Best Practice Standard on Risk Assessment is live</p>	<p>Still on track to commence work later in Q3.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

<p>6 Key Risk Area 4: Controls to identify safeguarding issues identified through DBS</p> <p>HCPC should explore the feasibility of having a formal relationship with Disclosure Scotland as it currently has with the DBS, whereby the DBS proactively alerts the HCPC of registrants who have been arrested or convicted for a serious criminal offence.</p>	<p>Action: The DBS covers both England and Wales and NI. We do have a relationship with Disclosure Scotland and receive information from them, but we do not have a formal MOU with them. The feasibility of implementing a formal relationship will be explored.</p>	<p>Action Owner: Roy Dunn Completion date: 31 July 2022</p>		<p>Still awaiting response for Disclosure Scotland, will chase contact imminently.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
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Internal Audit report – Financial Modelling (considered at Audit and Risk Assurance Committee 16 September 2021)

Recommendations summary

Priority	Outstanding recommendations	Status
High	4	Overdue 6
Medium	2	Not yet due 0
Low	0	Completed 0



Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: Financial modelling spreadsheets are supported by detailed guidance</p> <p>HCPC should prepare a detailed guidance / technical document for the Budget Costs Model, in the same way as prepared for the Income Model.</p> <p>The preparation of this document should support the already existing flow charts within the model itself, and focus on how the model technically operates. This will support ensuring that the Business Central system performs the same functions (as these will be documented and so can be checked) and, in the event to delays to the implementation of Business Central’s functions in this area, support the ongoing operation of the model if needed.</p>	<p>The instructions tab was part of the design of the budget costs model as it was intended as a short-term reporting fix until the variance analysis could be built-into the financial accounting systems. It was the intention that the budget reporting function within the Business Central system could be used as part of the consolidation of finance systems.</p> <p>If the financial accounting systems have not got the required functionality by the end of the 21-22 financial year, then we will need to assess the validity of using the model.</p> <p>Action: Recommendation to be reviewed in Q4 FY21/22 in light of progress on systems developments.</p>	<p>Head of Finance</p> <p>Due: February 2022</p>	<p>Revised completion date: March 2023</p>	<p>As per the internal audit report, the remaining action of creating a training video will be completed for Feb/Mar 2023. Upon completion of the new forecasting model, the Finance Team will produce the walkthrough video and store the file within the proposed Microsoft Teams Channel for Registrant Forecasting. Note. This will be the actual file and not a link to the file as a link will eventually expire and become inaccessible.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

<p>3 Key Risk Area 3: Methods and approach to identifying and allocating costs within the Cost Model</p> <p>HCPC should develop and introduce a costs forecasting model which estimates its costs into future years. This model should be designed to complement the Income Model and set out key assumptions and variables, each of which can be independently configured.</p> <p>Each year a financial planning exercise should be undertaken where both the income and costs models are updated with their latest assumptions with the outputs presented to Council for review. These should also be subjected to sensitivity analysis / stress testing so that HCPC can identify which variables have the greatest impact on the organisation's financial health.</p>	<p>The recommendations are outside the design scope of the budget cost model. The development of a robust cost model, particularly for FTP, is a priority given that FTP cases can take a few years to conclude.</p> <p>Action: The Exec Director of Corporate Services, when appointed will need to review the complete budgeting process.</p>	<p>Executive Director of Resources and Business Performance</p> <p>Due: Dec 2021</p>	<p>revised completion date: October 2022</p> <p>revised completion date: January 2023</p>	<p>As per the Internal Audit Report - We will create a specific Microsoft Teams Channel to collate the necessary documents, analysis and summary of actions and/or findings as part of ongoing meetings. This will also allow us to store 'live' files where appropriate action owners can provide input.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
<p>8 Key Risk Area 5: Inflationary assumptions are appropriate and represent a fair estimate of increases and decreases to key variables</p> <p>HCPC should model a modest fee increase within the Income Model to aid the model more accurately predict income. This can either be estimated using an agreed inflationary assumption (accepting that HCPC's fee rules do not use this) or by modelling a flat increase after a certain period of time (for example every five years).</p>	<p>The income model was designed to model specific fee scenarios being proposed. It is a priority for Council to have a Fee Strategy in place and this requirement is linked to delivering the understanding of the impact of Fee Increase Options.</p> <p>Action: Continue to develop and refine the Options Analysis function.</p>	<p>Head of Finance</p> <p>March 2022</p>	<p>revised completion date: October 2022</p> <p>revised completion date: February 2022</p>	<p>As per the management reponses within the Internal Audit Report, we are aiming to complete the remaining handover of the remaining items before the end of the calendar year and produce an enhanced model that captures both volumes and associated financials within one financial model with input tabs that capture assumptions (e.g. inflationary pressures), enable variance analysis against projections and allow dynamic updates to figures.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

<p>9 Key Risk Area 6: Financial model updates timely and accurate</p> <p>The way in which data is exported from the new Business Central system should be assessed in the context of obtaining information in a format capable of easy uploading into the Income Model to keep its information as up-to-date as possible.</p> <p>Where a technical solution is being developed, an interim process should be introduced to facilitate keeping the Income Model updated with live performance data. A consistent approach should be decided upon, documented and then followed to resume the practice of updating the Income Model on a monthly basis.</p>	<p>The Income model was built prior to the new Registration System go-live and therefore was built to accept NetRegulate data. The development of the Registration System export / model input routines need to be completed.</p> <p>Action: Aligned to completing the model development.</p>	<p>Head of Finance Feb 2022</p> <p>Revised completion date: October 2022</p>	<p>revised completion date: October 2022</p> <p>revised completion date: February 2022</p>	<p>Similar to the above comment for Key Risk Area 5 - Ongoing discussions are already taking place as part of weekly meetings between Finance and Registration Operations. This area will be noted as a point of discussion for further information and the findings will be captured within the Registrant Forecasting Teams Channel, once it is created.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
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Internal Audit report – Follow up of recommendations - Financial Modelling (considered at Audit and Risk Assurance Committee 11 June 2022) - Financial Modelling

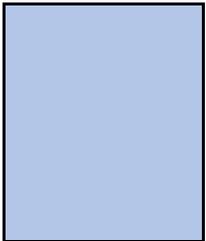
Recommendation / Priority (RAG)	BDO's follow up review findings	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>4 Key Risk Area 4: Income assumptions are reasonable and supported by detailed workings and independent approvals</p> <p>Registration behaviours for different professions should be reviewed annually with reference to supporting evidence and set for each specific profession rather than a generalised approach for all professions.</p>	<p>In Progress - The Registrant forecast working group meets on monthly basis. It includes the Head of Registration, Head of Education, Head of Financial Planning & Analysis, Head of Insight & Analytics, Communications & Digital Lead, CISRO. The group is informal and seeks input from other bodies around international recruitment plans, or any changes to UK graduate output in registrable professions. It occurs every second Tuesday of every month. We reviewed the recurring meeting invitation and agenda. The latest working group meeting occurred on 12 May 2022, we were advised that the group reviewed the final registrant numbers of the financial year and checked back to assumptions and how variation occurred. Due to the fact that there was not formal meeting minutes for the working group, we reviewed the record of meeting attendance and the internal meeting notes taken down by the CISRO. Once the report is presented to the ELT, this recommendation should be considered fully implemented.</p>	<p>Responsible Officer: Roy Dunn, CISRO</p>		<p>Unfortunately the September meeting did not draw a full list of attendees, but was focused on how the existing model works. The report will be sent to note at ELT, and passed on to Finance as a starting point as they take over the process.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

<p>6 Key Risk Area 4: Income assumptions are reasonable and supported by detailed workings and independent approvals</p> <p>Key financial inputs and inflationary assumptions should be subjected to an annual review and approval process by HCPC's EMT in advance of the model being updated.</p>	see above	Responsible Officer: Margaret Osibowale (Project Finance Lead)		see above	<p>Commentary History See Appendix 1 or [PRESS]</p>
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Internal Audit report – IT Controls (considered at Audit Committee 17 September 2020)

Recommendations summary

Priority	Outstanding recommendations	Status
High	0	Overdue 1
Medium	1	On track 0
Low	0	Completed 0

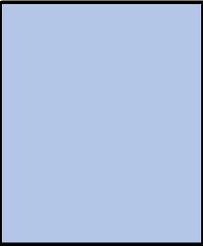


Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: The IT governance framework Key Risk Area 2: IT's support for the achievements of enterprise objectives</p> <p>HCPC should develop and introduce a formal IT Governance framework which aligns with the Code of Corporate Governance. The aim of the framework should be:</p> <ul style="list-style-type: none"> · To ensure that appropriate roles, responsibilities and accountabilities are established for data, system ownership, reporting and communications. This will build on the information which already forms part of the ISMS. · To report on IT Governance status and tracking of all IT Governance issues and remedial actions to closure; and · To define responsibility for key IT controls, particularly in respect of IT systems managed by business units. <p>The IT governance framework should be reviewed periodically, and updated as needed.</p>	<p>The Digital Transformation has an ambitious agenda and roadmap, which means we already recognise that there is a need to develop a Governance model to support transformation activity and operations.</p>	<p>Head of IT & Digital Transformation</p> <p>Due: Q1 2021</p> <p>Revised to Q2 2021</p>		<p>The Digital Transformation Strategy is currently being refreshed, with an updated version due to be presented to Council in December 2022. Delivery of the strategy will be governed in accordance with the HCPC project management framework. A programme board for the Programme for Data Excellence has been established to provide clear governance around the data improvement agenda. Work is underway to clarify and document the roles and responsibilities across the IT and Business Change teams, and a gap analysis is being undertaken against the ITIL4 framework to identify any further areas for enhancement.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – Business Continuity Planning (considered at Audit Committee 4 March 2020)

Recommendations summary

Priority	Outstanding recommendations	Status
High	0	Overdue 2
Medium	2	On track 0
Low	0	Completed 0



Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
6 Key Risk Area 5: Business continuity testing HCPC should address identified gaps in the current BCP and schedule another planned BCP test to ensure that updated areas are working effectively.	A further test will be carried out in the next Financial year COVID-19 response (essentially a major interruption to normal business operations negates any immediate requirement for BCP testing) March – June 2020.	CISRO 31/03/2020 NEW TARGET DATE:Dec 2022	In Progress	ELT will go through a Ransomware scenario on 15th November. This will then form the basis for an IT dept test on response.	Commentary History See Appendix 1 or [PRESS]

Internal Audit report – Follow up Audit - Business Continuity Planning (considered at Audit and Risk Assurance Committee 11 June 2021)

Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
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<p>9</p>	<p>HCPC should refresh Shadow Planner app training at least annually for users and could consider developing training and guidance to ensure a continued knowledge and awareness of the app.</p> <p>June 2021 - BDO's assessment of implementation during follow up audit:</p> <p>Standalone generic BCM / DR training is still being developed ahead of being provided to SMT, Business system owners and Heads of department.</p>	<p>Original Management Response: ShadowPlanner users are already trained on its use as the app is delivered to their device. Annual testing includes a training element. Standalone generic BCM/DR training is being developed for SMT & Business system owners and Heads of department.</p> <p>Updated Management Response as at June 2021: A training session with ShadowPlanner over Teams will be organised, or potentially an office based BCM exercise. However it must be remembered that the organisation is still operating under BCM conditions. The long term future of DR/BCM practises are being reviewed this financial year.</p>	<p>CISRO 31/03/2020</p> <p>NEW TARGET DATE: Summer 2022</p>	<p>In Progress</p>	<p>ELT will go through a Ransomware scenario on 15th November. This will then form the basis for an IT dept test on response.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
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HM External Auditor's report – Detailed control points (considered at Audit and Risk Assurance Committee and Council December 2021)

Recommendations summary

Priority	Outstanding recommendations	Status	
Significant	0	Overdue	2
Important	1	On Track	0
Limited	1	Completed	3
Advisory	0		

RISK (RAG)	Recommendation / Priority (RAG)	Management response	Completion Date/Status	Update for Audit and Risk Committee (November 2022)
1	Following the implementation of the new CRM system, CE, it was clear from our testing that regular reconciliations from the CRM system to the accounting system were not being undertaken.	<p>Monthly reconciliations between the two systems should be undertaken, with significant variances and reconciling items reviewed and evidenced.</p> <p>i) Period close on BC to 31 December 2021 now completed. This will stop transactions been posted into the periods up to December 2021, which will make reconciliations possible.</p> <p>ii) Financial Accounting team now provided access to CE. Reconciliation of data in BC and CE up to 31/12/2021 has started.</p> <p>iii) Head of Registrations will provide dedicated resource(s) to assist with the reconciliation between the two systems.</p> <p>iv) Doyin and Prashanthi to device how the differences would be written off in BC</p>		<p>Completed</p> <p>HM update: These were provided by HCPC as part of the 2022 audit fieldwork</p>

2	<p>As part of our testing of registrations income, 47 applicants were randomly selected and traced to ensure a signed application form was in place on the system and that their payment of scrutiny and registration fees had been correctly recorded within the accounts. Of those 47 applicants, the following issues were found:</p> <ul style="list-style-type: none"> - 14 had lag of at least 1 month (up to 4) between registration and actual posting to BC (finance system) - 5 had not been invoiced with a further 2 only part invoiced - 1 was posted after year end, so would not be included in income for the year - 1 had a registration date after posting date - 1 registrant's account could not be followed with no information on why the account was generated or what information is missing 	<p>These issues highlight fundamental problems with data entry into the CRM and financial systems.</p> <p>HCPC need to consider the reasons for these errors arising and establish an action plan to resolve the matters going forward.</p>	<p>i) Financial Controls Manager to document the full end-to-end process flow in CE (for Registration) and how that integrates with BC.</p> <p>ii) Financial Controls Manager to document the process of recording Registrants on BC to receiving payment and income recognition methodology.</p> <p>iii) Meetings setup with members of Registration Ops team to discuss the current process with admitting new members and renewing existing members and how this is posted to BC as Sales Order.</p>		<p>Completed</p> <p>HM Update: Our sample this year included 29 items across all categories of registration and a further 16 scrutiny fees.</p> <p>No such errors were identified in the current year's audit testing</p>
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3	<p>Income, deferred income and debtors are posted to the finance system using a number of control and suspense accounts. Suspense accounts are held within both BC and Sage and have not been reviewed or cleared down regularly.</p>	<p>While we understand the use of these accounts to ensure income is only being recognised when it is appropriate to do so, the accounts need to be regularly monitored and cleared down.</p> <p>HM Update October 2022: There has been a significant improvement in this area, however there were still further clear downs required during the audit fieldwork. We therefore repeat our recommendation.</p>	<p>i) Data in BC (posted Sales Invoices) / Debtor Ledger to be validated before income and deferred Income is calculated.</p> <p>ii) Reconciliation between SAGE and BC for control completed to November 2021 with unreconciled differences highlighted and reasons addressed. Aim is to complete reconciliation of control accounts to 31 March 2022.</p>	<p>Brought Back on to the Tracker following 2022 Audit</p>	<p>Reconciliations of income, deferred income & debtors are currently being completed for the period commencing on 1/4/22, it is planned for these reconciliations for the period from 01-04-22 to 31-10-22, prior to the compilation of the 31-10-22 Management A/C's.</p>
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<p>HCPC has received funding from the Department of Health for the temporary register, however a signed copy of the grant agreement was not available.</p>	<p>While we appreciate an unsigned copy was held and the amounts received were the same as recorded within the agreement, we would recommend signed copies of such contracts are obtained.</p> <p>HM Update October 2022: We note that a copy of the agreement signed by both parties could still not be provided in 2022. We therefore repeat our recommendation.</p>	<p>i) Part of year end time activities to review the Grants Ledger Account and ensure Grant Agreements (supporting documents) are signed by all parties involved.</p>	<p>Brought Back on to the Tracker following 2022 Audit</p> <p>This action is complete</p>	<p>HM updated the Committee at it's October meeting that the Grant agreement control point was now resolved.</p> <p>Haysmcintyre confirmed that they have received & reviewed a signed copy of this grant agreement, therefore this action is closed</p>
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6	<p>Our audit testing identified that the fixed asset register for intangibles was not always applying the right amortising rate for each asset. There is therefore a risk that assets are not held at an appropriate value.</p>	<p>We recommend that the asset register is reviewed periodically to ensure this issue does not arise in the future.</p> <p><u>HM Update October 2022:</u> This matter was an issue again in 2022, together with an overall issue with the amounts included in the TB and adjustments required to the intangibles fixed asset register –</p> <p>We note that a copy of the agreement signed by both parties could still not be provided in 2022. We therefore repeat our recommendation.</p>	<p>i) Review of fixed asset register and procedure for amortisation of Intangible Assets.</p> <p>ii) Determine if Assets included within Intangible Assets still has Useful Economic Life (e.g. current BC System and potential write-off).</p>		<p>Fixed assets are now being reconciled on a monthly basis, rather than being left to year end, this should ensure that year end reconciliations are completed on a timely basis.</p>
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HM External Auditor's report 2022 – Detailed control points (considered at Audit and Risk Assurance Committee and Council October 2022)

Recommendations summary

Priority	Outstanding recommendations	Status
Significant	0	Overdue 0
Important	3	On Track 2
Limited	1	Completed 2
Advisory	0	

RISK	HM Comments/Proposals	Management response	Completion Date/Status	Update for Audit and Risk Committee (November 2022)
1 There is a risk that intangible assets could be overstated as the fixed asset register did not reconcile to the financial statements or TB. In addition amendments made to the financial statements and FAR were not updated in the nominal ledger.	We recommend that any amendments to the FAR are updated in the nominal ledger at the same time and in addition that a review of assets and potential disposals / write offs is carried out periodically.	A monthly reconciliation of intangible asset movements is now being undertaken and the nominal ledger is updated to reflect these movements. Periodic reviews of intangible assets are undertaken to determine whether these assets should be disposed of, and also whether assets under construction should be capitalised & depreciated accordingly.	complete	A monthly reconciliation of intangible asset movements is now being undertaken and the nominal ledger is updated to reflect these movements. Periodic reviews of intangible assets are undertaken to determine whether these assets should be disposed of, and also whether assets under construction should be capitalised & depreciated accordingly.

<p>2 A payroll reconciliation was not provided until 4 August 2022. The late receipt suggests that payroll records are not being regularly reconciled to the accounting system and there is a risk that errors may not be identified at the earliest opportunity.</p>	<p>i) We recommend that management carry out reconciliations at least quarterly.</p>	<p>A monthly payroll reconciliation has been added to the timetable for the period ending 30th September and will be completed on a monthly basis going forward. It should be noted that the payroll process is subject to strict sign-off controls which were fully effective over the year, to ensure the accuracy and integrity of the monthly payroll.</p>	<p>On Track</p>	<p>A monthly payroll reconciliation has been added to the timetable for the period ending 30th September. This reconciliation will be completed for the month ending 31-10-22 and on a monthly basis thereafter.</p>
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3	<p>Our review of tangible fixed assets identified that there were assets with nil net book value that were still being depreciated.</p> <p>There is a risk that the fixed asset register is not updated and assets may be misstated.</p>	<p>We recommend that fixed assets are regularly reviewed for such matters.</p>	<p>HCPC will undertake periodic reviews going forward, consistent with the reviews undertaken for the Y/E 31 March 2022.</p>	<p>complete</p>	<p>As at 31 March 2022 there were no tangible fixed assets with zero or negative net book values. The monthly review of fixed assets will ensure that no tangible assets are reflected in the nominal ledger with a negative NBV.</p>
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<p>From our review of journals, we identified that not all journals are reviewed by someone other than the poster.</p> <p>There is a risk that incorrect postings may be made to the nominal ledger and that these would not be identified at the earliest opportunity.</p>	<p>We recommend that a policy is put in place regarding journal review.</p>	<p>HCPC has in place a review process for all journals. The issue identified was that the journal approvals were not all electronically filed in one place and therefore could not be provided to the auditors from the system; this was partly the result of staff turnover. HCPC will consider how best to tighten up this control, by filing all journal approvals electronically in one place, or ensuring that approvals are attached to the journal on the Sage system. The Financial Control team will also undertake a periodic review of journal approvals on a sample basis.</p>	<p>On Track</p>	<p>Going forward all emails approving journals will be saved onto the SAGE system along with the relevant journal. The Financial Control team will sample check on a quarterly basis to ensure that these approvals are being saved onto the Sage system.</p>
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Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

Education Standards		Sep-22	Jun-22	Mar-22	Nov-21	
1	<p>Key Risk Area 1: Suitable organisations are appointed to deliver educational programmes</p> <p>HCPC should continue to keep the standards under review and provide an annual update to the Education and Training Committee highlighting any issues which have arisen that could prompt an interim review mid-cycle.</p>	<p>Early planning for SETs review not due until the end of the year.</p>	N/A	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>

Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

Registration Payment Process		Sep-22	Jun-22	Mar-22	Nov-21	
2	<p>Key Risk Area 2: Systematic issues from the 2020/21 financial reporting exercise have been cleared</p> <p>A long-term solution systems-based solution should be introduced which eliminates, as much as reasonably practicable, the requirement for complex monthly reconciliations and manual journal postings to HCPC's finance system.</p>	<p>The retendering process has now been completed and a preferred supplier identified. Contract negotiations are under way and initial steps towards formulating a project plan have commenced. The objective is to have a single finance system in place by 31 March 2023. Data cleansing of the existing system is ongoing.</p>	N/A	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>

Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

HCPC Intelligence Gathering		Sep-22	Jun-22	Mar-22	Nov-21	
4	<p>Key Risk Area 1: Strategy and Governance 1.2 Data strategy – data platform approach</p> <p>Decisions need to be made formally on what data analysis work is done using the front line systems such as registration & FtP and that drawn from the new data platform. Some data may be available 'self-service' and other will need analysis work.</p>	<p>An investigation has been undertaken into the current approach to CPD reporting which concluded there was no need to alter the approach until such time as the wider CPD policy review has been undertaken. An updated version of the FtP and EDI analysis is expected to be presented to ELT in September.</p>	N/A	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>

Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

Safeguarding controls		Sep-22	Jun-22	Mar-22	Nov-21	
3	<p>Key Risk Area 1: Controls to identify and assess safeguarding risks</p> <p>In addition to the warnings provided at initial and reregistration, we recommend that within the declarations section of the form, applicants are made aware that the failure to disclose relevant information could be treated as dishonesty and result in an FtP investigation more serious than the matter not declared from the outset.</p>	The declarations section has been reviewed and the form will be updated with the revised wording by the 30 September 2022.	The declarations section of the form is currently being reviewed and aiming to update the form by the 30 June 2022	N/A	N/A	To return to the main Summary and Tracker Scroll up or [PRESS]
4	<p>Key Risk Area 2: Guidance to registrants on standards and safeguarding risks</p> <p>HCPC should develop a suite of safeguarding materials aimed at assisting registrants manage key safeguarding risks which they may encounter during the course of their professional roles. These materials should be readily available to registrants through HCPC’s website. This should be benchmarked against the safeguarding materials provided by other healthcare professions regulators.</p> <p>HCPC should also consider delivering specific safeguarding guidance sessions as part of the programme of Professional Liaison Service webinars.</p>	<p>Policy - Review/updating of safeguarding materials to be included within SCPE guidance review. Work to commence on the guidance review in Q3/Q4 2022.</p> <p>KG - #myhpcstandards webinar on safeguarding will be held on 21 September 2022</p> <p>TG – Promoting and supporting #myhpcstandards webinars, including those on safeguarding. Review and updates to safeguarding content in 2022/23 comms workplan.</p>	<p>Policy - Reviewing/updating safeguarding materials included in Policy Team workplan for 2022/23.</p> <p>KG - #myhpcstandards webinars exploring safeguarding will be delivered in September and November 2022. Content is currently being developed.</p> <p>TG – Supporting #myhpcstandards webinars Review and updates to safeguarding content in 2022/23 comms workplan.</p>	N/A	N/A	To return to the main Summary and Tracker Scroll up or [PRESS]
5	<p>Key Risk Area 3: Responding to complaints or referrals relating to a registrant’s conduct</p> <p>The Case Management Manual document should be formally reviewed and updated to ensure that it accurately reflects the latest case management processes.</p> <p>As part of this review, specific guidance on identifying safeguarding concerns should be detailed within the document. This could be done by also making reference to HCPC’s internal Safeguarding Policy.</p>	Next phase of work due to commence by the end of Q3.	<p>Roll out of new Best Practice Standards will be completed in June. We are taking phased approach to roll out given the number of documents.</p> <p>Best Practice Standard on Risk Assessment is live.</p>	N/A	N/A	To return to the main Summary and Tracker Scroll up or [PRESS]

6	<p>Key Risk Area 4: Controls to identify safeguarding issues identified through DBS</p> <p>HCPC should explore the feasibility of having a formal relationship with Disclosure Scotland as it currently has with the DBS, whereby the DBS proactively alerts the HCPC of registrants who have been arrested or convicted for a serious criminal offence.</p>	<p>The Disclosure Scotland template has been populated by HCPC, and we await a final version for validation and signature.</p>	<p>Disclosure Scotland were contacted, and responded 31st May indicating their Governance team will progress a MoU, and be in contact shortly.</p>	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>
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Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

Financial Modelling review		Sep-22	Jun-22	Mar-22	Nov-21	
<p>1 Key Risk Area 1: Financial modelling spreadsheets are supported by detailed guidance</p> <p>HCPC should prepare a detailed guidance / technical document for the Budget Costs Model, in the same way as prepared for the Income Model.</p> <p>The preparation of this document should support the already existing flow charts within the model itself, and focus on how the model technically operates. This will support ensuring that the Business Central system performs the same functions (as these will be documented and so can be checked) and, in the event to delays to the implementation of Business Central's functions in this area, support the ongoing operation of the model if needed.</p>	<p>We have a designated Project Manager assigned to the BC Reimplementation Project with key finance resources to provide requirements, which will include the management reporting functionalities that will be closely linked to the finalisation of a revised Chart of Accounts. KPMG have been selected as the preferred supplier and contract negotiations are currently underway with the aim of implementing the system by March 2023.</p>	<p>We have recently appointed a Systems Accountant who is now the Project Lead for the BC Reimplementation. Due to the business submitting a retender for the BC Reimplementation project, we will be reassessing the requirements for our reporting needs and pull together a revised Chart of Accounts once a successful supplier is awarded the contract and we commence the requirements gathering phase of the project.</p>	<p>Requirements for Business Central are being reviewed on a first principles basis which includes uncoupling from the registration system. The Systems Accountant, once they are appointed, will be taking this work forward. The completion date is likely to be October 2022.</p>	<p>Requirements for Business Central are being reviewed on a first principles basis which includes uncoupling from the registration system. The HoF will continue to take this work forward when they start in January but completion date is likely to be March 2022.</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>	
<p>3 Key Risk Area 3: Methods and approach to identifying and allocating costs within the Cost Model</p> <p>HCPC should develop and introduce a costs forecasting model which estimates its costs into future years. This model should be designed to complement the Income Model and set out key assumptions and variables, each of which can be independently configured.</p> <p>Each year a financial planning exercise should be undertaken where both the income and costs models are updated with their latest assumptions with the outputs presented to Council for review. These should also be subjected to sensitivity analysis / stress testing so that HCPC can identify which variables have the greatest impact on the organisation's financial health.</p>	<p>The Senior Finance Business Partner will be heading the monthly forecasting meetings and will tailor the current model to generate accurate income figures for reporting. The high-level handover has taken place as part of the Q1 Forecast. Going forward, a new model is being produced to factor in additional scenarios and assumptions.</p>	<p>The appointment of the Senior Finance Business Partner has meant that they will be joining the monthly forecasting meetings and get up-to-speed with the functionality of the current model. This will be pushed back to Jul-22 where the Q1 Forecast will need to be produced with the use of the corrected forecasting model.</p>	<p>Alan Keshtmand, HoF - pending more fundamental improvements to HCPS's income and cost modelling, a number of scenarios are being developed by the FP&A Manager as part of the FY22-23 budgeting cycle and will be presented within the budget paper for March 2022.</p>	<p>A new Executive Director of Resources and Business Performance has been appointed and is due to start in early January. With this appointment and other resource pressures in the Finance team it is proposed the completion date for this is pushed back to March 2022.</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>	

<p>8 Key Risk Area 5: Inflationary assumptions are appropriate and represent a fair estimate of increases and decreases to key variables</p> <p>HCPC should model a modest fee increase within the Income Model to aid the model more accurately predict income.</p> <p>This can either be estimated using an agreed inflationary assumption (accepting that HCPC's fee rules do not use this) or by modelling a flat increase after a certain period of time (for example every five years).</p>	<p>We are now in the formal consultation phase of the income fee rise proposal. Worst, middle and best case scenarios were put together as part of the proposal and finalisation of the consultation document. The work also suggested the implementation of an inflationary rise to fees, which will bring us regular incremental increases without the need for formal consultations in the future.</p>	<p>Under consideration</p>	<p>When ELT develop the fee increase proposals, the specific scenarios will be modelled to evaluate the financial impact of each scenario. A number of scenarios are being developed based on the current fee structure to give an indicative view of potential fee rises to the organisation's financial position. This will form part of the FY22-23 budgeting cycle and will be presented within the budget paper for March 2022.</p>	<p>When ELT develop the fee increase proposals, the specific scenarios will be modelled to evaluate the financial impact of each scenario.</p>	<p>To return to the main Summary and Tracker Scroll up or [PRESS]</p>
<p>9 Key Risk Area 6: Financial model updates timely and accurate</p> <p>The way in which data is exported from the new Business Central system should be assessed in the context of obtaining information in a format capable of easy uploading into the Income Model to keep its information as up-to-date as possible.</p> <p>Where a technical solution is being developed, an interim process should be introduced to facilitate keeping the Income Model updated with live performance data. A consistent approach should be decided upon, documented and then followed to resume the practice of updating the Income Model on a monthly basis.</p>	<p>See (1) above</p>	<p>See (1) above</p> <p>Similar to the first point, we will need to assess our reporting requirements once a successful supplier is awarded the contract for the reimplementation of BC.</p>	<p>See (1) above</p> <p>Requirements for Business Central are being reviewed on a first principles basis which includes uncoupling from the registration system. The Systems Accountant, once they are appointed, will be taking this work forward. The completion date is likely to be April 2022.</p>	<p>See (1) above</p> <p>Requirements for Business Central are being reviewed on a first principles basis which includes uncoupling from the registration system. The HoF will continue to take this work forward when they start in January but completion date is likely to be March 2022.</p>	<p>To return to the main Summary and Tracker Scroll up or [PRESS]</p>
<p>Key Risk Area 4: Income assumptions are reasonable and supported by detailed workings and independent approvals</p> <p>Registration behaviours for different professions should be reviewed annually with reference to supporting evidence and set for each specific profession rather than a generalised approach for all professions.</p>	<p>A draft report for ELT has been produced. This will be shared with the rest of the Registration Forecasting group on 13th September, before going to the next available ELT meeting. The Reg forecast has been handed over to the Finance dept to maintain. CISRO has provided documentation and several hours support on the model as Finance get to grips with it.</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>To return to the main Summary and Tracker Scroll up or [PRESS]</p>

<p>Key Risk Area 4: Income assumptions are reasonable and supported by detailed workings and independent approvals</p> <p>Key financial inputs and inflationary assumptions should be subjected to an annual review and approval process by HCPC's EMT in advance of the model being updated.</p>	see above	N/A	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>
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Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

IT Controls	Sep-22	Jun-22	Mar-22	Nov-21	
<p>1 Key Risk Area 1: The IT governance framework Key Risk Area 2: IT's support for the achievements of enterprise objectives</p> <p>HCPC should develop and introduce a formal IT Governance framework which aligns with the Code of Corporate Governance.</p> <p>The aim of the framework should be:</p> <ul style="list-style-type: none"> · To ensure that appropriate roles, responsibilities and accountabilities are established for data, system ownership, reporting and communications. This will build on the information which already forms part of the ISMS. · To report on IT Governance status and tracking of all IT Governance issues and remedial actions to closure; and · To define responsibility for key IT controls, particularly in respect of IT systems managed by business units. <p>The IT governance framework should be reviewed periodically, and updated as needed.</p>	<p>Head of IT&DT is currently working with Head of Business Change to define roles & responsibilities across these 2 teams, plus Analysis & Insight and operational teams where these overlap/interact. During Q2 a standard IT governance framework template such as ITIL4 will be used to document the approach, building on the information captured in the ISMS.</p>	<p>A review of the existing IT governance controls by the outgoing Director of Digital Transformation identified a number of gaps as well as a need to modernise the controls to support a more agile approach. The new Head of IT & DT will work with stakeholders to define and put in place a new framework that meets these objectives.</p>	<p>The new draft governance framework is currently being reviewed against COBIT framework, before being socialised with the wider organisation, in November.</p>	<p>A draft governance framework based on an agile Gartner approach will be reviewed against TOGAF in September. New Head of IT and Digital Transformation to start socialising with ELT and the wider organisation September/October</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>

Appendix 1 - Commentary History - a log of the last 4 Audit and Risk Assurance Committee updates

Business continuity testing		Sep-22	Jun-22	Mar-22	Nov-21	
6	<p>Key Risk Area 5: Business continuity testing</p> <p>HCPC should address identified gaps in the current BCP and schedule another planned BCP test to ensure that updated areas are working effectively.</p>	<p>ELT/SLG received instructional videos on the use of Shadow Planner along with some brief information on past incidents that have occurred (July). Updates to existing departmental plans are being collected to attempt to capture changes in requirements due to Hybrid working. A high level test not requiring Shadow Planner has already been devised for ELT.</p>	<p>Departmental scenario detail to be captured during the summer 2022 Assurance / Risk meetings with depts to incorporate Hybrid working scenarios.</p>	<p>Further users are being tested on ShadowPlanner, and a test arranged when it will not interrupt normal business flows.</p> <p>To speed up the testing process, we now propose to carry out departmental desk exercises over the next few months, although this will depend on new ways of working being developed.</p>	<p>Further users are being tested on ShadowPlanner, and a test arranged when it will not interrupt normal business flows.</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>
9	<p>HCPC should refresh Shadow Planner app training at least annually for users and could consider developing training and guidance to ensure a continued knowledge and awareness of the app.</p> <p>June 2021 - BDO's assessment of implementation during follow up audit:</p> <p>Standalone generic BCM / DR training is still being developed ahead of being provided to SMT, Business system owners and Heads of department.</p>	<p>An ELT test is being scheduled with an IT test running the same scenario from an IT point of view.</p>	<p>SLG Video demonstration of Shadow Planner in June / July to SLG</p>	<p>Scenarios ready, not specifically around IT issues. Date will not be announced before hand to ensure realism of test.</p> <p>Awaitnig a suitable time slot to run a test, possibly with SLG initially.</p>	<p>Scenarios ready, not specifically around IT issues. Date will not be announced before hand to ensure realism of test.</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>