

HEALTH AND CARE PROFESSIONS COUNCIL

FOLLOW UP

INTERNAL AUDIT REPORT - FINAL

MARCH 2024

LEVEL OF ASSURANCE:

DESIGN	MODERATE
EFFECTIVENESS	MODERATE

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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REPORT STATUS

LEAD AUDITOR:	Erin Nevett
REVIEWED BY:	Heather Buckingham and Bill Mitchell
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MANAGEMENT RESPONSES RECEIVED:	06 March 2024
FINAL REPORT ISSUED:	06 March 2024



EXECUTIVE SUMMARY

OVERVIEW

BACKGROUND

This audit was completed in accordance with the approved annual Internal Audit plan for 2023/24. The implementation of internal audit recommendations is an important part of an organisation’s internal control framework. This review is a follow-up of BDO’s internal audit recommendations and agreed actions due to be implemented on or before 31 December 2023. There were a total of one High priority recommendations and ten Medium priority recommendations across five internal audit reports.

ACKNOWLEDGEMENT

We appreciate the assistance provided by the staff involved in the review and would like to thank them for their help and ongoing cooperation.

METHODOLOGY

The Internal audit reports from which the recommendations being followed-up on are drawn are:

- Diversity (22/23)
- Key Financial Controls (22/23)
- IT Cyber (22/23)
- Registrant Forecasting (22/23)
- Fitness to Practise (22/23)

Audit Area	Total Priority 1	Total Priority 2	Total Priority 3	Total included in review
Diversity (22/23)	-	1	-	1
Key Financial Controls (22/23)	-	2	-	2
IT Cyber (22/23)	-	2	-	2
Registrant Forecasting (22/23)	1	4	-	5
Fitness to Practise (22/23)	-	1	-	1
TOTAL	1	10	-	11



EXECUTIVE SUMMARY

OVERVIEW

RESULTS

Of the 11 recommendations tested during this review, seven recommendations were fully implemented, representing 64% of the recommendations tested. Of the 11 recommendations, one was of HIGH priority (Registrant Forecasting) and the remainder were of MEDIUM priority.

Three of the remainder of recommendations that were either not implemented or partially implemented were impacted (and related to Key Financial Controls and Registrant Forecasting) by the delayed implementation of Business Central which is due to now go live in April 2024, at which time the remainder of the recommendations can be actioned.

The two outstanding recommendations for Key Financial Controls relate to updating and consolidating of 116 policies and procedures and implementing approvals within SAGE/BC to demonstrate a segregation of duties.

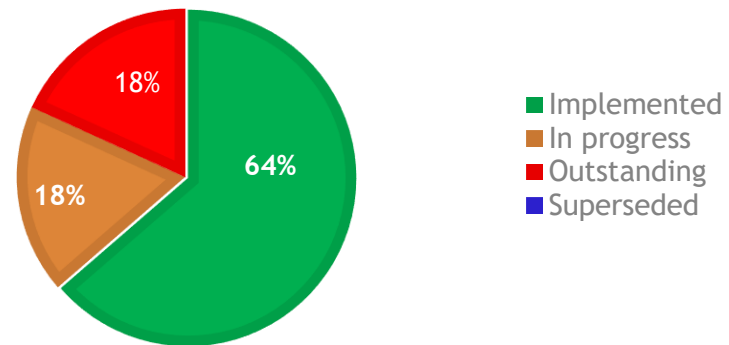
The in-progress recommendations for Registrant Forecasting relates to automating the Registrant Forecasting model.

The in-progress recommendation for Diversity relates to EDI training not yet completed by two individuals who work in the Fitness to Practise team.

The table opposite provides an overview of the progress made in implementing the recommendations across the four audits areas included in this follow up. We have also outlined the status of the recommendations in Appendix I.

AUDIT	BDO Status as at December 2023 (definitions included within Appendix III to the report)				TOTAL
	Implemented	In progress	Outstanding	Superseded	
Diversity (22/23)	-	1	-	-	1
Key Financial Controls (22/23)	-	-	2	-	2
IT Cyber (22/23)	2	-	-	-	2
Registrant Forecasting (22/23)	4	1	-	-	5
Fitness to Practise (22/23)	1	-	-	-	1
TOTAL	7	2	2	-	11

IMPLEMENTATION RATES





APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
1	Diversity	<p>We recommend that -</p> <p>a) staff members with training outstanding are encouraged to complete their required training as soon as possible.</p> <p>b) A fixed schedule is set for reporting on training completion rates to the Heads of Department and the ELT.</p> <p>c) Disciplinary procedures should be formally implemented for any staff members who do not complete staff training in the required time frame.</p> <p>d) a formal sanction process is implemented if a partner does not attend their induction and complete outstanding ED&I training.</p>	<p>1. The outstanding 4 have been reminded and completed their training</p> <p>2. We have scheduled quarterly checks to monitor completion and will proactive chase those outstanding</p> <p>3. We do not think disciplinary processes for staff who miss training is an appropriate response</p> <p>4. Partners team are satisfied that our approach covers this recommendation. If a partner does not complete their induction training, which includes EDI training, we will not provide them with a signed contract which means they cannot start their role</p>	Med	<p>Complete</p> <p>REVISED DUE DATE 30 JUNE 2024</p>	<p>We reviewed the listings of EDI training and confirmed that staff are actively followed up by Teams to complete their training and the timescales in which this should be completed.</p> <p>However, there are two officers who work in FTP who have not yet completed their training. One officer started in May 2023 and the other in September 2023. FTP is a key area of the business whereby that HCPC need to demonstrate no unconscious bias and it is therefore imperative that FTP staff have completed their training as soon as possible.</p>	
2	Key Financial Controls	<p>We recommend that HCPC:</p> <p>a) Review the composition of the 116 policies and procedures and consider whether any can be combined (e.g. P2P process)</p> <p>b) Update the Adding New Users to WAP (system which allows purchase orders and invoices to be raised and approved) Policy, ensuring it details how changes to individuals' access and approval thresholds are made</p> <p>c) Create a central finance manual and policy tracker. The policy tracker should detail the date of last update (which should align to the date on the document) and detail a responsible individual for ensuring the accuracy and completeness of the policy/procedure. The tracker should detail areas covered within policies and procedures.</p> <p>d) Update the Finance Induction Slides to align to the above changes as well as changes from SAGE to Business Central (BC).</p>	<p>Points a) & c) The focus for HCPC up until July 23, will be on the new BC implementation. This system change will impact a number of the procedures & so represents a good opportunity to review the policies and procedures and determine the best way to monitor & maintain them, which will include drawing all of these documents together in a tracker. Consideration will be given to also creating a finance manual to pull all of the finance policies & procedures together to provide a holistic view.</p> <p>Point b) The WAP policy will be updated accordingly.</p> <p>Point c) The induction slides will be updated post the completion of the BC implementation.</p> <p>Responsible Officer: Head of Financial control and Systems Accountant</p>	Med	<p>31 December 2023</p> <p>REVISED DUE DATE 31 DECEMBER 2024</p>	<p>Business Central (replacing SAGE) implementation has been delayed until April 2024. This has subsequently resulted in a delay in updating the policies and procedures for key financial controls.</p> <p>The WAP policy will not be updated as HCPC will not be using WAP post BC implementation.</p> <p>The BC specialist has begun drafting BC specific processes which will need to be integrated into the overall Finance processes.</p>	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
3	Key Financial Controls	<p>HCPC should investigate adding approvals within the finance system (for both SAGE and BC) for each addition or change to bank details, with a change of bank details being put on hold without the approval of the second individual.</p> <p>If it is not possible to require approval within the system, HCPC should look to add electronic signatures to the sign-off of each weeks' audit log, so that individuals checking these additions or changes can be held accountable for any errors not identified.</p>	<p>Currently HCPC does not have the functionality on Sage to require such approvals on Sage. Given it is being replaced by BC, reconfiguring Sage doesn't represent a cost effective solution. This risk is significantly mitigated by segregation of duties & the introduction of regular sign off of the Sage audit log (of system changes) by the Head of Financial Control. It is planned for BC to be implemented using the workflow model, which would require bank account amendments to be processed by the System Accountant (once he has received appropriate documentation to make this amendment) with the changes only being made once the relevant approver has received the BC amendment request & approved the amendment on the BC system.</p> <p>Responsible Officer: Head of Financial control</p>	Med	<p>31 August 2023</p> <p>REVISED DUE DATE</p> <p>31 AUGUST 2024</p>	<p>There has been a delay to the implementation of BC. BC is due to go live in April 2024.</p>	
4	IT Cyber	<p>Ensure that the security strategy is completed as soon as possible, taking input from all relevant business stakeholders, and incorporating a roadmap that aligns with the business's strategic direction, findings from audits and external rules and regulations. The security strategy should be signed off by Executive Management.</p>	<p>Existing objective for Infrastructure, Data & Architecture Manager to review & update formalised cyber security 'plan' following cloud migrations. CISRO to investigate added value to HCPC of a multi-year 'strategy'.</p> <p>Responsible Officer: JR/RD</p>	Med	31 March 2023	<p>HCPC provided the completed Cyber Security Strategy detailing the increase in range of technology used from apps and the cloud. The Strategy has been structured around the National Institute of Standards and Technology (NIST) Cybersecurity Framework and will be reviewed by the ISMS board at their next meeting.</p> <p>On 1st August 2023, the Executive Leadership Team approved the Cyber Security strategy with minor amendments.</p>	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
5	IT Cyber	We recommend that HCPC update the incident response plan per the requirements above and test the incident response plan on at least an annual basis. Testing of the plan should be matured over time, starting with desktop simulations to red/blue teaming exercises.	<p>Redbook to be updated with details of current key systems and suppliers, and technical response procedures as part of updated cyber security plan. CISRO to work with organisation to review major incident plan and then engage with IT to consider the implications for the ITDR plan. It should be noted that over complicated / every possibly scenario plans are not possible to maintain long term and are not navigable in a true crisis. Plans for general principles are of greater value (Defence Academy of the United).</p> <p>Responsible Officer: JR/RD</p>	Med	31 March 2023	<p>The Redbook has been updated with key systems in place to state the actions to be taken and which directorate is responsible. The CISRO has had involvement with the Redbook updates.</p> <p>Workshops have been undertaken to identify the most critical systems to be prioritised and has been incorporated into the 'Shadow Planner' where the DR plans are held.</p> <p>Workshops with SLG were held in April and July 2023 to determine services to be prioritised under two end member scenarios one of which was catastrophic fire damage.</p> <p>A DR/BCM exercise was undertaken with the IT department off site at the Daisy Dockland BCM/DR site on 30th June 2023, where the Redbook and access via remote services were tested.</p> <p>Results from scenario testing were formally documented including lessons learnt and recommendations.</p>	
6	Registrant Forecasting	<p>A reconciliation should be completed between the prior months' registrant data and historical data included within the model.</p> <p>Input files should be consistently and logically labelled for each iteration of the model, to allow for consistently and help prevent error. Registrant data extracted and subsequently imported into the model should be reviewed by an additional staff member to allow for a second pair of eyes oversight to help ensure model accuracy.</p>	<p>This will form part of our month-end activities to ensure that both actuals and forecast figures are kept up-to-date. Our month-end timetable will include this as an action going forward.</p> <p>Responsible Officer: JA/IO</p>	High	January 2023	<p>Finance have created a separate model to capture a 'real time' position and include other key information such as those registrants paying discounted fees.</p> <p>Reconciliations are undertaken as part of the month end process, by the Finance Business Partner and reviewed by the Finance Manager.</p> <p>BC is anticipated to go live by April 2024.</p>	





APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
						It is anticipated that this will allow for a more automated approach for the model with labelling easier to follow.	
7	Registrant Forecasting	We recommend that a method of cross-referencing is considered between the output report generated by the model and the inputs section, to prevent users from potentially being misled.	This exercise will become part of the regular periodic reconciliations for our month-end reporting. Responsible Officer: JA/IO	Med	January 2023	The Income Forecasting Group is now in place. The Group includes seven core members including the CISRO, Head of Education and the Head of Finance. These meetings allow for conversations surrounding the model to be discussed to ensure that there is clarity in the outputs produced.	
8	Registrant Forecasting	We recommend that HCPC outlines a list of required attendees for each monthly discussion to ensure a representative from each relevant team is in attendance. Additionally, if staff members do not feel the need to attend, they should notify the Chief Information Security & Risk Officer confirming they have nothing to report which could influence the parameters set within the model. We recommend that formal actions are recorded based on the outcomes of the discussions which take place. This is to ensure that required adjustments to the model and thus the assumptions the model is based on are made timely and seem reasonable. It will also allow for any staff that could not attend the meetings to see what, if any changes have been made.	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. Responsible Officer: IO	Med	January 2023	A list of required attendees is now in place via a Teams channel. The group (Income Forecasting group) includes the following: Head of Insight Analytics, Senior Management Accountant, Head of Education, CISRO, Head of Regulatory Development, Head of Registration and the Head of Finance. Information is shared on the Teams channel and allows access to key documents for the Group.	




APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
9	Registrant Forecasting	Investigate whether it is possible to do an automated upload from the model into the Financial model. If this is not possible, consider whether the model can be adapted to include what is required for the Financial model with less manual intervention. A secondary check should be undertaken for all data extracted from the model that is incorporated into the Financial model to verify accuracy. Consider if it is possible to incorporate and thus easily identify from the model the number of registrants on discounted registrant fees and those on full registrant fees to support the Finance team further.	This is happening already, to a certain extent, whereby registrant numbers are extracted from the CRM system to inform our financial figures. Further work will need to be carried out to incorporate this seamlessly as part of the overall process. Responsible Officer: JA	Med	January 2023 REVISED DUE DATE SEPTEMBER 2024	A simplified Finance model is now in place to provide additional information as well as 'real' time information. Finance are awaiting new BC implementation (due to go live in April 2024) which should allow integration and allow the remainder of the recommendation to be implemented. It is anticipated that a more automated model can be produced from BC.	
10	Registrant Forecasting	We recommend that the Forecasting team check whether the variance analysis built into the model operates as intended.	Once the full handover of registrant forecasting is completed and the area is managed by the Finance Team, we will create specific reports to identify key variances for the specific areas of income and the key drivers for the movements between actuals and forecast. Responsible Officer: IO	Med	January 2023	Variance analysis is completed monthly as part of the month end process. This is undertaken by the Finance Business Partner and reviewed by the Finance Manager. It has been noted by the team that more accurate and timely forecasts are now made.	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
11	Fitness to Practise	We recommend that fitness to practise policies, procedures and guidance: a) formally include the KPIs staff are expected to achieve for managing fitness to practise cases. b) Include a documented review and approval process.	KPIs will be added to relevant best practice standards (guidance) documents. A documented review and approval process will be added to all fitness to practise policies and best practice standards (guidance) Responsible Officer: KG	Med	31 July 2023	We were provided with Fitness to Practise Best Practice document that was last updated in May 2023. Key performance indicators that are relevant to the standard have been added. Points have been included within the standard for Case Managers to consider when reviewing any information or communication they have received as well as other parts of the process to be followed.	








APPENDIX II - STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Anna Raftery	Head of Assurance and Compliance
Roy Dunn	Chief Information Security & Risk Officer
Jagana Abubacarr	Finance Business Partner



APPENDIX III - DEFINITIONS

RECOMMENDATION STATUS	
Implemented	
In Progress	
Outstanding	
Superseded	
Risk Accepted	

RECOMMENDATION SIGNIFICANCE	
Priority ranking 1:	There is potential for financial loss, damage to the organisation's reputation or loss of information. This may have implications for the achievement of business objectives and the recommendation should be actioned immediately.
Priority ranking 2:	There is a need to strengthen internal control or enhance business efficiency.
Priority ranking 3:	Internal control should be strengthened, but there is little risk of material loss or recommendation is of a housekeeping nature.



APPENDIX IV: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

Council are ultimately responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

Council, through ARAC, is responsible for ensuring the internal audit function has:

- The support of the organisation's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit, Risk and Assurance Committee.
- Council is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by Council in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

Council is ultimately responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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