

9 June 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.

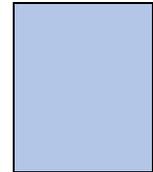
Please refer to individual internal audit reports for the background to recommendations.

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 September 2022 and will include any items identified by our Internal Auditors as incomplete in their follow up review presented at this Committee meeting.
Strategic priority	All
Risk	All
Financial and resource implications	None as a result of this paper.
Author(s)	Ewan Shears, Secretary to the Committee ewan.shears@hcpc-uk.org

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

Recommendations summary

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



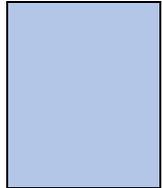
Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>Committee note (March 2022): The Committee commented that the report was helpful and provided some good assurance. Whilst some of the management actions were reported 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 declarations section of the form is currently being reviewed and aiming to update the form by the 30 June 2022	<p>Commentary History See Appendix 1 or</p> <p>N/A</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 (Communications Lead)</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>	<p>Commentary History See Appendix 1 or</p> <p>N/A</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:</p> <p>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>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>	<p>Commentary History See Appendix 1 or N/A</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</p> <p>Completion date: 31 July 2022</p>		<p>Disclosure Scotland were contacted, and responded 31st May indicating their Governance team will progress a MoU, and be in contact shortly.</p>	<p>Commentary History See Appendix 1 or N/A</p>

Internal Audit report – Risk Management (considered at Audit and Risk Assurance Committee 16 September 2021)

Recommendations summary

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

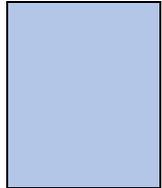


Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: Risk framework design</p> <p>1.1 Policies and guidance</p> <p>We recommend the one-page and full policy documentation should be:</p> <ul style="list-style-type: none"> • Either encompass one document containing strategic and operational risk management policies and procedures, or at least signpost to each other's policy and guidance documentation; • reference how to think about the risks and conduct risk management in areas where managers are deciding upon suppliers and partners, business cases, business planning and projects should be referenced in the full and signposted in the one-pager guide; • require project risks to use the same assessment method and format. 	<p>Action: New projects commencing from now will use a new risk framework based on the new operational risk register, however, PM activities require an enhanced level of detail which will be additional to the regular operational risk register format. Existing projects will not be updated to the new format.</p> <p>CISRO to</p> <ul style="list-style-type: none"> • liaise with Head of Projects to implement the new approach to risk registers for the project risk registers. • Update the risk management policy to be an all-in-one document covering strategic risk as well as operational risk and a section on risk in selecting suppliers and business cases. The HCPC has recently developed a new business case template and consideration of risk will be made more explicit. 	<p>CISRO</p> <p>by end of 2021</p>		<p>The Projects area has been supplied with the latest iteration of the ORR, including enhanced detail on post mitigation impact and likelihood scoring, a numeric Residual Risk score and Target Risk. The enhanced detail will be captured from risk owners whilst the Assurance process is undertaken.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – Financial Modelling (considered at Audit and Risk Assurance Committee 16 September 2021)

Recommendations summary

Priority	Outstanding recommendations	Status
High	2	Overdue 0
Medium	3	On Track 4
Low	0	Completed 1



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>HPCP 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>October 2022</p> <p>Revised completion date: October 2022</p>	<p>revised completion date: October 2022</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>Commentary History See Appendix 1 or [PRESS]</p>

<p>2 Key Risk Area 2: Spreadsheets errors and formulae consistency</p> <p>HCPC should update and make corrections to the Income Model as identified from our technical review.</p>	<p>The Income Model reviewed was a working prototype that had not completed testing. Development of the model was stopped as the development and testing resources were diverted to resolving operational issues. Initial testing of the WIP model indicated that it could produce forecasts with an acceptable degree of accuracy for budgeting.</p> <p>Action: When appointed the Head of Finance will review the priorities for finance department improvements.</p>	<p>Head of Finance</p> <p>April 2022</p> <p>Revised completion date: April 2022</p>	<p>Completed</p>	<p>As part of our year end activities, we have developed a reconciliation template that calculates expected income and deferred income on an individual customer basis. The model factors the different renewal cycles and fee structures as well as the type of customer, e.g. UK or International and also accounts for the various types of fees including scrutiny fees, renewal fees, etc.</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>Dec 2021</p> <p>Revised completion date: October 2022</p>	<p>revised completion date: October 2022</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>Commentary History See Appendix 1 or [PRESS]</p>

8	<p>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 March 2022</p>	<p>On track</p>	<p>Under consideration</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
9	<p>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 Revised completion date: October 2022</p>	<p>revised completion date: October 2022</p>	<p>See (1) above 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>Commentary History See Appendix 1 or [PRESS]</p>

Internal Audit report – Payroll (considered at Audit and Risk Assurance Committee 11 June 2021)

Recommendations summary

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

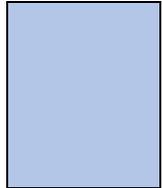


Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: Payroll policies and procedures</p> <p>HCPC should formalise the Finance related payroll processing activities in a documented procedure, which can align with the payroll manual and be referred to by both current and future Finance staff.</p>	To produce a payroll processing manual to formalise and document the actions the Finance Dept has to take to process payroll.	<p>Completion date: 30 June 2021</p> <p>Head of Finance & Financial Control Manager</p>	In progress - previous payroll manual being updated	The payroll manual is still under review. A new Payroll Manager (part time) just joined the Company in late May and she will be responsible for formalising and documenting the Finance related payroll processing activities. It is expected to finish by the end of June 2022.	<p>Commentary History</p> <p>See Appendix 1 or</p> <p>[PRESS]</p>

Internal Audit report – IT Controls (considered at Audit Committee 17 September 2020)

Recommendations summary

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



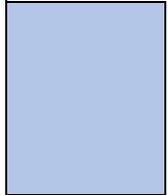
Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>1 Key Risk Area 1: The IT governance framework Key Risk Area 2: IT's support for the achievements of enterprise objectives</p> <p>HCPC should develop and introduce 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 Q2 2022</p> <p>Q2 2021 (revised from Q1 2021)</p>	<p>On track</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>Commentary History See Appendix 1 or [PRESS]</p>

<p>2 Key Risk Area 3: Effectiveness and added business value of IT is demonstrated to both the business and IT executives</p> <p>We recommend HCPC consider developing a more detailed set of KPIs to measure IT performance as a part of the digital agenda and in respect of best practice. Typical general examples for IT KPIs that could be used are as follows:</p> <ul style="list-style-type: none"> - IT expense per employee - Support expense per user - IT expense as a % of total expense - The number of recurring problems. <p>Furthermore, based on the new operation model specifics, HCPC should consider adopting ITIL Key Performance Indicators especially in the area of Service Design and Continual Service Improvement.</p>	<p>Review and revise KPIs against strategic imperatives and best practice.</p>	<p>Head of IT & Digital Transformation Q2 2022</p> <p>March 2021</p>		<p>New headline metrics for IT performance have been identified, relating to Availability (% downtime/disruption to regulatory systems), Security (Microsoft Security Centre Score), and Innovation (volume of successful changes). More detailed metrics will be monitored on a less frequent basis, including user satisfaction, cost benchmarks, and known security threats prevented.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>
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Internal Audit report – Business Continuity Planning (considered at Audit Committee 4 March 2020)

Recommendations summary

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



Recommendation / Priority (RAG)	Management response	Timescale/Responsibility	Completion Date/Status	Current Commentary	Commentary log
<p>6 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>A further test will be carried out in the next Financial year</p> <p>COVID-19 response (essentially a major interruption to normal business operations negates any immediate requirement for BCP testing) March – June 2020.</p>	<p>CISRO 31/03/2020</p> <p>NEW TARGET DATE: Dec 2022</p>	<p>In Progress</p>	<p>Departmental scenario detail to be captured during the summer 2022 Assurance / Risk meetings with depts to incorporate Hybrid working scenarios.</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

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
<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>SLG Video demonstration of Shadow Planner in June / July to SLG</p>	<p>Commentary History See Appendix 1 or [PRESS]</p>

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	3	Overdue 0
Important	1	On Track 4
Limited	1	Completed 1
Advisory	0	

RISK (RAG)	Recommendation / Priority (RAG)	Management response	Completion Date/Status	Update for Audit and Risk Committee (June 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>	End June 2022	<p>The data from Business Central has been reconciled against CRM up to 31 March 2022.</p> <p>This will also be done on an on-going basis with support from the Reg Ops Team with weekly interdepartmental team meetings being held to track progress.</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>HPCP 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>	End June 2022	<p>Registration recently upgraded their CRM system and discussions with senior management indicate process improvements within Registration Department to address the audit issues.</p> <p>Finance conduct sense checks and reconciliations to ensure data is flowing through correctly, e.g. standing orders and credit memos. We will also liaise with Registrations to monitor how that data is processed within CRM.</p> <p>Finance have finished a detailed income reconciliation exercise for FY21/22 for each profession, and we are now in the process of posting the related adjustments to Business Central and CRM.</p>
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>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>	End June 2022	<p>BC Reimplementation will eliminate the need for suspense accounts in the long-term.</p> <p>Finance have finished a detailed income reconciliation exercise for FY21/22 for each profession, with the calculation of expected income and deferred income. We are in the process of posting the related adjustments to Business Central and CRM.</p> <p>Suspense accounts will be reviewed and cleared for the year end date after the aforementioned adjustments. We are on track with the timetable for completion of management accounts in June 2022.</p>

5	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.	We recommend that the asset register is reviewed periodically to ensure this issue does not arise in the future.	<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>	End June 2022	<p>The long-term approach will be to implement a Fixed Asset Model in Business Central to avoid any human errors in calculations going forward.</p> <p>As part of year end, there will be a detailed review of the Capital Projects costs that have been classified as Intangible Fixed Assets, which includes reviewing the amortisation rate for the intangibles.</p>
6	HCPC has received funding from the Department of Health for the temporary register, however a signed copy of the grant agreement was not available.	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.	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.	Completed	<p>We have now received the relevant signed contract from the Department of Health and Social Care regarding the grant.</p> <p>Status: Complete</p>

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

Risk Management	Mar-22	Nov-21	Sep-21	N/A	
<p>1 Key Risk Area 1: Risk framework design 1.1 Policies and guidance</p> <p>We recommend the one-page and full policy documentation should be:</p> <ul style="list-style-type: none"> • Either encompass one document containing strategic and operational risk management policies and procedures, or at least signpost to each other's policy and guidance documentation; • reference how to think about the risks and conduct risk management in areas where managers are deciding upon suppliers and partners, business cases, business planning and projects should be referenced in the full and signposted in the one-pager guide; • require project risks to use the same assessment method and format. 	<p>Format changes being testing in the Strategic Risk Register. Confirmation if changes to be retained will result in further updates to the documentation.</p> <p>Existing documentation for the Operational Risk Register is with the Head of Projects / Improvement.</p> <p>A review of the existing Operational Risk Management process will be carried out over the next few months, to determine if any additional benefit can be gained by minor changes. These updates (if any) will be fed through to the Projects area.</p>	<p>Format changes being testing in the Strategic Risk Register. Confirmation if changes to be retained will result in further updates to the documentation.</p> <p>Existing documentation for the Operational Risk Register is with the Head of Projects / Improvement.</p>	<p>N/A</p>	<p>N/A</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

Financial Modelling review		Mar-22	Nov-21	N/A	N/A
<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>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>	N/A	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>
<p>2 Key Risk Area 2: Spreadsheets errors and formulae consistency</p> <p>HCPC should update and make corrections to the Income Model as identified from our technical review.</p>	<p>Work is currently taking place to implement a high level model that factors number of applicants/registrants and other criteria (as per CE) against the fee model to general income figures. The Financial Controls Manager and FP&A Manager will be taking this work forward. Estimated completion is pushed back to April 2022.</p>	<p>The Head of Finance is due to start in early Jan. This action will be a priority. In view of the start date it is proposed completion is pushed back to March 2022.</p>	N/A	N/A	<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>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>	N/A	N/A	<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. 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>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>N/A</p>	<p>N/A</p>	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[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>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>N/A</p>	<p>N/A</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

Payroll review		Mar-22	Nov-21	Sep-21	N/A	
1	<p>Key Risk Area 1: Payroll policies and procedures</p> <p>HCPC should formalise the Finance related payroll processing activities in a documented procedure, which can align with the payroll manual and be referred to by both current and future Finance staff.</p>	<p>The Financial Control Manager (FCM) has been appointed on a permanent basis, who have taken on the responsibility of the finance related payroll processing activities. They are documenting the processes as part of the delivery of the processes. These will be ready for the Head of Finance to review by 4th March 2022.</p>	<p>An interim Financial Control Manager (FCM) has been appointed. The FCM has taken on the responsibility of the finance related payroll processing activities. They are documenting the processes as part of the taking responsibility for the delivery of the processes. These will be ready for the HoF to review when they start on 4th Jan 2022.</p>	<p>The HoF and FCM roles are both vacant at the moment. The HoF has been appointed and is scheduled to start on 4 Jan 2022. This task will be on the HoF priority task for when they commence.</p>	N/A	<p>To return to the main Summary and Tracker Scroll up or</p> <p>[PRESS]</p>

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IT Controls	Mar-22	Nov-21	Sep-21	Jun-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>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>Whilst it is the intention to complete the Technology Governance Framework by the end of June, in reality by the time it has been socialised and signed off by SMT it will move into July and need to be handed over to the new Head of IT and Digital Transformation.</p>	<p>To return to the main Summary and Tracker Scroll up or [PRESS]</p>
<p>2 Key Risk Area 3: Effectiveness and added business value of IT is demonstrated to both the business and IT executives</p> <p>We recommend HCPC consider developing a more detailed set of KPIs to measure IT performance as a part of the digital agenda and in respect of best practice. Typical general examples for IT KPIs that could be used are as follows:</p> <ul style="list-style-type: none"> - IT expense per employee - Support expense per user - IT expense as a % of total expense - The number of recurring problems. <p>Furthermore, based on the new operation model specifics, HCPC should consider adopting ITIL Key Performance Indicators especially in the area of Service Design and Continual Service Improvement.</p>	<p>KPIs currently in place have a narrow focus on availability and security breaches. A new suite of KPIs will be developed alongside the new IT governance framework.</p>	<p>Ownership updates to reflect the changes in the organisation structure with the new roles of Head of IT and Digital transformation (Rick Welsby in an acting up role until the new head joins in January 2022.</p> <p>KPI's are currently reported and the PI remain in draft pending the review by the new Executive Director of Corporate Services - recommend a review follow-up in March 2022.</p>	<p>New KPIs now agreed, being measured and reported on.</p> <p>New PIs were drafted for ED Corporate Resources, need to be reviewed for appropriateness against BDO recommendations.</p>	<p>Suggested updates to KPIs have been prepared by the Executive Director of Digital Transformation and broader alignment of KPIs and Benefits will be incorporated into the development of services as part of the change function. These will require further review later in the year once the new structures are in place.</p>	<p>To return to the main Summary and Tracker Scroll up or [PRESS]</p>

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

Business continuity testing		Mar-22	Nov-21	Sep-21	Jun-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>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>Test user successfully logged on with minimal support. Now planning a test using access to Shadow Planner data, aiming for October/November 2021</p>	<p>Still to be determined what the new BC/DR response will be. However moving toward a ShadowPlanner test with users with a desk based exercise this financial year.</p>	<p>To return to the main Summary and Tracker</p> <p>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>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>Scenario based testing orientated around accessing the Shadow Planner data will be carried out October/November 2021</p>	<p>Original Management Response:</p> <p>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:</p> <p>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>To return to the main Summary and Tracker</p> <p>Scroll up or</p> <p>[PRESS]</p>