
Audit Committee

Public minutes of the 56th meeting of the Audit Committee held on:-

Date: Tuesday 22 November 2016

Time: 10:30 am

Venue: The Council Chamber, Health and Care Professions Council, Park House,
184 Kennington Park Road, London SE11 4BU

Present: Richard Kennett (Chair)
Stephen Cohen
Eileen Mullan
Julie Parker

In attendance:

Claire Amor, Secretary to the Committee
Ashley Antonio-Mortley, Registration Appeals Manager
Elaine Buckley, Chair of Council
Madeline Dugmore, National Audit Office
Roy Dunn, Head of Business Process Improvement
Sara Gammon, National Audit Office
Andy Gillies, Director of Finance
Abigail Gorringe, Director of Education
Teresa Haskins, Director of Human Resources
Richard Houghton, Head of Registrations
Greg Ross-Sampson, Director of Operations
Marc Seale, Chief Executive and Registrar
Stuart Smith, Grant Thornton LLP
Omer Tauqir, Grant Thornton LLP
Tian Tian, Head of Financial Accounting

Part 1 - Public

Item 1. Apologies for absence

- 1.1 No apologies were received.

Item 2. Approval of agenda

- 2.1 The Committee approved the agenda.

Item 3. Declarations of members' interests

- 3.1 Julie Parker informed the Committee that she had recently been appointed as a Non-Executive Director of the Pathology Partnership, a joint venture between six NHS Trusts in the East of England.
- 3.2 The Committee noted Julie Parker's standing interest as declared at the Audit Committee meeting on 17 June 2015.

Item 4. Minutes of the Audit Committee meeting of 6 September 2016 (report ref: AUD 34/16)

- 4.1 The Committee received the draft minutes from its last meeting held on 6 September 2016.
- 4.2 The Committee agreed the minutes.

Item 5. Matters arising (report ref: AUD 35/15)

- 5.1 The Committee noted the matters arising from its meeting on 6 September 2016.

Items for discussion/approval

Item 6. NAO 2016-17 audit planning report (report ref: AUD 36/16)

- 6.1 The Committee received a paper from the External Auditor.
- 6.2 During discussion the Committee noted the following points:-
- the audit approach and the timetable are similar to previous years, the proposed audit fee remains at £39,000;
 - the matters of emphasis for the 2016-17 audit would be the classification of project spend, the new HR and partners system, FTP partner payment system and any further developments to the transfer of social worker regulation; and

- the action on management accounts arising from last year's audit is now considered closed. The NAO will not seek to formally rely on the management accounts through controls testing for this year.
- 6.3 The NAO clarified that the risk of social worker regulation transfer was listed as low probability in terms of its impact on this financial year but they do not regard it as low probability longer term. For the purposes of the external audit for 2016-17 this risk is only likely to impact on the going concern assessment as legislation is still under discussion.
- 6.4 The NAO asked the committee if any areas of risk were missing from the audit planning report. The Committee agreed that the expected Department of Health consultation regarding regulation reform should be included as a risk.
- 6.5 The NAO asked the Committee to consider the risk of fraud at the HCPC. The Committee discussed where fraud was possible at the HCPC, it concluded that the risk was low and that it was being appropriately managed.
- 6.6 The Committee discussed how performance was measured at the HCPC. It was agreed that systems and processes were monitored effectively. The Committee discussed how outcomes should be measured as part of performance and agreed that this was a matter for Council, noting that outcomes are difficult to quantify.
- 6.7 The Committee discussed the future changes to accounting standards as outlined in the report. It was noted that changes to the treatment of leases will have an impact on the HCPC balance sheet when implemented.
- 6.8 The Chair of the Committee advised the NAO that any major issues resulting from the audit should be discussed with the Chair of the Council after 31 December 2016, as he would be stepping down from the Council and the new Chair of the Audit Committee would not be in place until March 2017.
- 6.9 The Committee noted the external audit plan for 2016-17.

Item 7. Internal audit report – Non-Case Preparation and Presentation Legal Services Cost Management (report ref: AUD 37/16)

- 7.1 The Committee received a paper from the Executive.
- 7.2 The Committee noted that as part of Grant Thornton's 2016-17 Internal Audit Plan, it was agreed that a review would be undertaken of the HCPC's processes for commissioning legal advice on matters other than case preparation and presentation.
- 7.3 The Committee noted that:-

- the Chief Executive and Finance Director approved changes from early 2016 to how non FTP legal expenditure is incurred;
 - sample testing showed that appropriate challenge is built into the system of commissioning legal advice; and
 - a recommendation arising from the audit related to communicating the need for a PO to all suppliers.
- 7.4 The Committee discussed the quantity of advice sought by the HCPC, though this was out of the scope of the audit. The Chief Executive explained the rationale the Executive applies to commissioning legal advice and the financial and reputational consequences of the HCPC making legally invalid decisions.
- 7.5 In response to a question, it was noted that the HCPC has never had internal counsel, as this was not considered to offer the best value for money in terms of quality legal advice.
- 7.6 The Committee noted the report.

Item 8. Internal audit report – Partner Recruitment (report ref: AUD 38/16)

- 8.1 The Committee received a paper from the Executive.
- 8.2 The Committee noted that as part of Grant Thornton's 2016-17 Internal Audit Plan, it was agreed that a review would be undertaken of the HCPC's Partner recruitment process, including how equality and diversity issues are dealt with.
- 8.3 The Committee noted that:-
- the audit concluded that the HCPC has robust and transparent processes in place for Partner recruitment including appropriate safeguards against bias against Partners with protected characteristics; and
 - a recommendation resulting from the audit was for the HCPC to consider whether there is potential to introduce a system to flag dates where right to work in the UK is expiring. This was an area that had caused issues for other organisations;
- 8.4 The Committee discussed the recommendation relating to the demographic of registrants being reflected in recruitment campaigns. It was noted that the provision of demographic information is voluntary for registrants and partners and they cannot be made to provide this data. For those who do provide it, the data is separated from the registration record and anonymised. The new registration system will allow reporting on this data, however it will remain voluntary only so its use may be

limited. Geographical spread can be used and the Partners team have committed to taking this forward.

8.5 The Committee noted the report.

Item 9. Internal audit report – Registration appeals (report ref: AUD 39/16)

9.1 The Committee received a paper from the Executive.

9.2 The Committee noted that as part of Grant Thornton's 2016-17 Internal Audit Plan, it was agreed that a review would be undertaken of the HCPC's registration appeals process.

9.3 The Committee noted that in January 2016, the responsibility for managing the registration appeals process moved from FTP to Registration.

9.4 The Committee discussed the recommendation regarding reference checks. It was noted that the Council will be asked to approve a change in the position statement to allow the Executive to carry out checks without the registration panel requesting it. In the interim panels will be asked to instruct the Executive to check a reference. The Executive will undertake a verification check only, and registration panels will still be required to assess the content of the reference and question any discrepancies.

9.5 The Committee noted the report.

Item 10. Internal Audit Progress Report 2016-17 (report ref: AUD 40/16)

10.1 The Committee received a report from the Internal Auditor.

10.2 The Committee noted that during the reporting period three internal audit reports have been finalised, these are Partner Recruitment, Registration Appeals and Non-Case Preparation and Presentation Legal Services Cost Management. Audit Planning Briefs are currently being finalised for a further two reviews, staff recruitment and retention and property management.

10.3 The Committee noted that, following discussion with the Executive, the timing of the Registration Project audit is being reviewed to ensure its usefulness is maximised.

10.4 The Committee noted the report.

Item 11. Review of internal audit recommendations (report ref: AUD 41/16)

11.1 The Committee received a paper from the Executive.

11.2 The Committee noted progress made in implementing internal audit recommendations since the last meeting of the Committee on 6 September 2016

Item 12. Finance department strategy (report ref: AUD 42/16)

12.1 The Committee received a paper from the Executive

12.2 The Committee noted that the Finance department strategy describes the approach that the department has been following for the last 2-3 years and intends to continue with, rather than any significant change of direction.

12.3 The Committee noted the following points:-

- the strategy will sit between the Strategic Intent and the department's annual workplans;
- the draft was developed with input from Grant Thornton; and
- the strategy is consistent with the Treasury's guidance in Managing Public Money;

12.4 The Committee discussed the sharing of service between the regulators. It was noted that the government was keen for regulators to explore the possibility for sharing services but that there were difficulties in this, as the regulators did not have the same legislation and therefore requirements were different. The Committee agreed that the HCPC multi-profession regulation model showed that sharing services is possible where the same legislation is in place.

12.5 The Committee noted the report and noted that it would be sent to Council for approval at their December meeting.

Item 13. BPI report (report ref: AUD 43/16)

13.1 The Committee received a paper from the Executive.

13.2 The Committee noted the following points:-

- the Crystal Reporting system became slow to load at the start of September, this was linked to a renewal window. BPI, IT and an external contractor undertook work to resolve this issue. More work will be required in future to increase efficiency and resilience;
- a test using just the "Plan in your pocket" application on Smartphones was carried out on the 14 November as part of the work on the Shadow Planner solution; and

- the next iteration of the Risk Register will be published in early 2017. A Risk Appetite scenarios discussion paper will go to Council in December 2016 to evaluate how a less averse appetite could be applied, and any consequence of such a change.

13.3 The Committee noted the report.

Item 14. BSI ISO9001:2008 Audit Report (report ref: AUD 44/16)

14.1 The Committee received a paper from the Executive.

14.2 The Committee noted that the ISO 9001:2008 audit took place on October 2016, this audit covered the Education, Communications and Secretariat departments as well as the Quality Management System processes.

14.3 The Committee noted that two opportunities for improvement arose from the audit:-

- one opportunity for improvement around deciding when we consider logging social media comments as complaints;
- one opportunity for improvement around maintaining updated versions of internal communications as plan timelines are adjusted, and auditing those plans during the projects;

14.4 The Committee noted the report.

Item 15. Risk owner presentations (report ref: AUD 45/16)

15.1 The Committee received a presentation from the Director of Education, on the Education Department's key risks and mitigations.

15.2 The Committee discussed the risk around funding changes to programmes in England. It was noted that new models of delivery are emerging and that it was important for the HCPC to engage with these programmes at an early stage to ensure education standards are met.

15.3 The Committee discussed the PSA's recommendation in its recent thought piece that the regulators should not be undertaking education visits, leaving this role to others. The Committee noted that this was the PSA's view and that its inclusion in the expected Department of Health consultation was yet to be seen.

15.4 The Committee discussed the Education Department's relationship with the partners it works with. It was agreed that Partners were a valuable resource for the HCPC and it was noted that the Department seeks feedback from partners to improve processes.

Item 16. Any other business

16.1 The Committee wished to note its thanks to Richard Kennett, the outgoing Chair of the Audit Committee, for his valued leadership of the Committee, which has benefited greatly from his subject matter knowledge and practical approach.

Item 17. Date & time of next meeting:

17.1 Wednesday 15 March 2017, 10.30am

Resolution

The Committee is invited to adopt one or more of the following:

‘The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee’s or Council’s functions.’

| Item | Reason for Exclusion |
|-------------|-----------------------------|
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Item 18. Private minutes of the Audit Committee meeting of 6 September

18.1 The Committee agreed the private minutes from its meeting of 6 September 2016

Chair.....

Date.....