

Agenda Item 16

Enclosure 14

**Health and Care Professions Council
22 September 2016**

**Minutes of the Audit Committee Meeting 6th
September 2016**

For information

**From Richard Kennett, Chair of the Audit
Committee**

Audit Committee

Public minutes of the 55th meeting of the Audit Committee held on:-

Date: Tuesday 6 September 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
Madeline Dugmore, National Audit Office
Roy Dunn, Head of Business Process Improvement
Guy Gaskins, Director of Information Technology
Sara Gammon, National Audit Office
Michael Guthrie, Director of Policy and Standards
Teresa Haskins, Director of Human Resources
Andy Gillies, Director of Finance
Greg Ross-Sampson, Director of Operations
Marc Seale, Chief Executive and Registrar
Omer Tauqir, Grant Thornton LLP

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 No new interest was declared. 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 15 June 2016 (report ref: AUD 23/16)

- 4.1 The Committee received the draft minutes from its last meeting held on 15 June 2016.
- 4.2 The Committee agreed the minutes.

Item 5. Matters arising (report ref: AUD 24/15)

- 5.1 The Committee noted the matters arising from its meeting on 15 June 2016.

Items for discussion/approval

Item 6. Management accounts process (report ref: AUD 25/16)

- 6.1 The Committee received a paper from the Executive.
- 6.2 The Committee noted that the NAO's report to the Audit Committee and Council following their 2015-16 audit was critical of the variance analysis in HCPC's management accounts and recommended that HCPC "should agree on the level of granularity and type of detail needed in its management accounts for budget holders and for Council".
- 6.3 The Committee noted that the paper sets out a proposed management accounts process for explaining variances. Appendix two includes the proposed response to NAO.
- 6.4 During discussion the following points were noted:-
- the management accounts are part of a range of regular management information and performance indicators produced for EMT and Council;

- the Finance department is working to achieve greater consistency when liaising with budget holders over variances, with less focus on small variances;
- if a pattern forms in underspends, this would be considered and used as a baseline when budgeting for the next financial year;
- excessive or punitive focus on underspends could incentivise budget holders to spend so as to avoid underspends, resulting in poor value for money;
- budgets are reviewed at the three, six and nine month mark and adjusted if necessary taking into account variances;
- EMT review and challenge each other's budgets at the annual pre budget discussions attended by Chair and Chair of Audit Committee;
- all Directors have yearly goals and objectives, one of which is delivering their workplan within budget +/-5%. This is closely monitored by the Chief Executive; and
- in 2015-16, total actual expenditure was within 1% of both the original budget and the month 9 reforecast. Income was 4% over the original budget and 1% over the month 9 forecast.

6.5 In response to a question the Committee noted that the NAO do review the minutes of the EMT monthly meetings, but did not consider them sufficient to take assurance from. This will be revisited in the 2016-17 audit.

6.6 The Committee agreed to recommend the management accounts process, the criteria for discussing variances and the response to the NAO's recommendation to Council for their approval.

Item 7. Internal audit report – review of whistleblowing arrangements (report ref: AUD 26/16)

7.1 The Committee received a paper from the Executive.

7.2 The Committee noted that, as part of the Internal Audit programme for 2016-17, Grant Thornton have undertaken a review of HCPC's whistleblowing arrangements. The scope of this audit covered both the HCPC's internal policies and its compliance with the Public Interest Disclosure Act 1998.

7.3 During discussion the following points were noted:-

- information sharing is working well, with Memorandum of Understanding agreements in place with a number of key organisations;
- the Standards of Conduct, Performance and Ethics were revised in January 2016 and include more explicit statements about the duty to raise concerns; and
- Grant Thornton consider the HCPC's internal whistleblowing policy could be further improved. This policy is currently being reviewed and will be presented to Council for approval.

7.4 This report will be included on the Council's agenda to note in September 2016.

7.5 The Committee noted the report.

Item 8. Internal audit schedule 2016-17 (report ref: AUD 27/16)

8.1 The Committee received a paper from the Executive.

8.2 The Committee noted that Grant Thornton have updated their internal audit schedule for 2016-17 taking into account progress to date.

8.3 The Committee noted that progress to date has been behind schedule. The Committee agreed that whilst the quality of the audit reports produced so far has been good, organisation for the audits requires more attention from Grant Thornton. This latter point was acknowledged by Grant Thornton.

8.4 The Committee noted that audit planning meetings have been scheduled with the Executive for the three audit reports due to be presented to the Committee at its November meeting.

8.5 The Committee noted the revised schedule.

Item 9. Review of internal audit recommendations (report ref: AUD 28/16)

9.1 The Committee received a paper from the Executive.

9.2 The Committee noted progress made on outstanding internal audit recommendations.

Item 10. BPI report (report ref: AUD 29/16)

10.1 The Committee received a paper from the Executive.

- 10.2 The Committee noted that the basement of 184 Kennington Park Road was partially flooded in June due to heavy rainfall and poor drainage. This required the relocation of the HR team and two meeting rooms are unusable while repairs are undertaken. Remedial works to improve flood resilience are planned.
- 10.3 The Committee noted the activity of the Business Process Improvement department in the reporting period.

Item 11. The use of ISO standards at HCPC (report ref: AUD 30/16)

- 11.1 The Committee received a paper from the Executive.
- 11.2 The Committee noted that, at its meeting of 16 June 2016, the Committee requested that the Executive produce a paper on the use and benefits of ISO standards to the HCPC.
- 11.3 During discussion the following points were noted:-
- HCPC is certified to three ISO standards, ISO9001:2008 Quality Management Systems, ISO27001:2013 Information Security Management Systems and ISO10002:2014 Complaint Handling;
 - the Executive use standards as a framework to run the HCPC;
 - the standards continue to add value with corrective actions being identified as a result of the audits;
 - the standards provide a further level of assurance to Council and stakeholders that the HCPC's processes are robust; and
 - BSI have approached the HCPC concerning developing an auditable Risk Management standard that can be used for health sector regulation in particular.
- 11.4 The Committee noted the report.

Item 12. Risk Register update (report ref: AUD 31/16)

- 12.1 The Committee received a paper from the Executive.
- 12.2 The Committee noted that the Risk Register and Risk Treatment plan is updated every six months, and changes are suggested by risk owners. The HCPC's Strategic Objectives mapped to appropriate individual risks in the latest iteration.
- 12.3 The Committee noted the updated Risk Register.

Item 13. Risk Management strategy & risk appetite statement (report ref: AUD 32/16)

- 13.1 The Committee received a paper from the Executive.
- 13.2 The Committee noted that the HCPC's current risk appetite is low or risk averse. The Executive considers a low risk appetite is appropriate for HCPC's public protection remit for both operational and financial reasons.
- 13.3 The Committee agreed that before the strategy and statement could be recommended, the Council should consider the HCPC's risk appetite to determine if an averse approach remains appropriate and does not disadvantage the HCPC. The Committee suggested that hypothetical higher risk policies could be put to the Council as a starting point for discussion.
- 13.4 The Committee discussed the paper and agreed to postpone recommendation as detailed in paragraph 13.3.

Item 14. Risk owner presentations

- 14.1 The Committee received presentations from the Director of Finance, the Director of Information Technology and the Director of HR on their key risks and mitigations.

Item 15. Any other business

- 15.1 There was no further business.

Item 16. Date & time of next meeting:

- 16.1 Tuesday 22 November 2016, 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

Item	Reason for Exclusion
17	H

Committee's or Council's functions.'

Summary of business considered in private

Item 17 – Internal Auditor performance review

- 17.1 The Committee discussed the results of an annual performance review of the Internal Auditor.

Chair.....

Date.....

Unconfirmed