

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the fourteenth meeting of the Audit Committee held on **Tuesday 26 September 2006** at Park House, 184 Kennington Park Road, London SE11 4BU.

PRESENT: Mr P Acres (Chairman)
 Professor T Hazell
 Mr R Kennett
 Mr D Proctor

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr D Blacher, Baker Tilly
 Ms R Bacon, Quality Manager
 Mr S Ecroyd, National Audit Office
 Mrs J Ladds, Communications Director
 Mr S Leicester, Finance Manager
 Ms N O'Sullivan, Secretary to the Council
 Mr D Ross, Accountant member - Finance and Resources Committee
 Mr M Seale, Chief Executive and Registrar
 Dr A van der Gaag, President
 Mr M Wonnacott, PKF (UK) LLP

Item 1.06/69 APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Professor C Lloyd.
- 1.2 The Committee noted that Mr S Corbishley of the National Audit Office (NAO) was unable to attend.
- 1.3 The Chairman welcomed the President and Ms Bacon to the meeting.

Item 2.06/70 APPROVAL OF AGENDA

- 2.1 The Committee approved the agenda.

Item 3.06/71 CHAIRMAN'S REPORT

- 3.1 The Chairman reported that, in July, the Council had thanked the Committee for its commitment and the amount of business which it had carried out to date. The Chairman thanked PKF, Baker Tilly and the

NAO for their support and thanked members of the Committee and the Executive for their work.

- 3.2 The Chairman reported that he would hold informal meetings with Baker Tilly, PKF and the NAO, in addition to the formal discussions at Committee meetings.

Action: Chairman (Ongoing)

Item 4.06/72 AN INTRODUCTION TO HPC'S QUALITY MANAGEMENT SYSTEM - PRESENTATION

- 4.1 The Committee received a presentation from the Quality Manager, covering the quality management system which the HPC used to retain its ISO (International Organisation for Standardisation) 9001 rating.
- 4.2 The Committee noted that the British Standards Institute conducted two ISO audits a year at the HPC, each covering two areas of core functions (the Registration departments and Fitness to Practise department) and one support function.
- 4.3 The Committee noted that the Quality Manager had met PKF and that they would share audit findings. The Committee agreed that the Quality Manager should ensure that ISO audits were coordinated with the internal and external audit work. The Committee agreed that a schedule of ISO audits should be presented to the next meeting, together with the outcomes of, and responses to, previous audits.

Action: RB (by 6 December 2006)

- 4.4 The Committee agreed that it should regularly receive the findings of ISO audits from the Quality Manager. The Committee agreed that this would enable it to provide an additional assurance to the Council and its stakeholders that there were systems in place to ensure that the HPC worked effectively and provided value for money.

Action: RB (At each committee meeting)

- 4.5 The Committee agreed that the quality management system should be mentioned at HPC listening events.

Action: Communications (Ongoing)

Item 5.06/73 2006/07 YEAR END REPORTING TIMETABLE

- 5.1 The Committee received a paper for discussion/approval from the Executive.

- 5.2 The Committee noted that the Finance Manager had prepared a timetable for preparation of the 2006-7 annual report and accounts, in conjunction with Baker Tilly, the NAO, PKF and Mr Kennett. A subsequent meeting had been held between the Finance Manager, the Director of Communications and the Secretary to Council to discuss the timetable.
- 5.3 The Committee noted that the printing and publishing schedule for the annual report and accounts would be based on the timetable set out in the paper.
- 5.4 The Committee noted that there was little margin for delays in the timetable and agreed that all parties involved in preparation of the annual report and accounts should be encouraged to meet the deadlines set out in the timetable. The Committee noted that Baker Tilly was confident that the timetable was realistic in respect of the external audit. The Committee agreed that the timetable should be circulated to all Committee Chairmen for their information.

Action: CB (by 6 December 2006)

- 5.5 The Chairman thanked everyone involved in the preparation of the timetable.

Item 6.06/74 INTERNAL AUDIT PROGRESS REPORT

- 6.1 The Committee received a paper for discussion/approval from the Executive.
- 6.2 The Committee noted that PKF had prepared a progress report on internal audit work to date.
- 6.3 The Committee noted that the Human Resources Department had previously been subject to an internal audit by BDO Stoy Hayward in 2005. That audit had made a high number of recommendations to improve overall control.
- 6.4 The Committee noted that PKF's internal audit had established that all of the recommendations had been addressed and internal control in this area was satisfactory. Policies and procedures were in place and were being applied consistently throughout the organisation. The Committee noted that Ms L Foster, the Director of Human Resources, had carried out a great deal of work to implement the recommendations and that the Department continued to help senior management, for example through managing levels of sickness absence and through improvements to the training and appraisal process. The Committee asked the Chief Executive to express its thanks to Ms Foster.

- 6.5 The Committee noted that internal audit fieldwork for corporate governance and risk management arrangements had been completed and no major issues were expected. The Committee agreed that the report should include information on how the Council was informed about risk management within the HPC and how the Executive could facilitate the Council's strategic understanding of risks and the controls which were in place. It was agreed that the Council needed to be briefed on the risk management systems in place and that at each Council meeting a report should be presented outlining the current major strategic risks to the organisation, together with details of action being taken to mitigate and manage the risks, for members to consider.

Action: MJS and PKF (by 6 December 2006)

- 6.6 The Committee noted that, following discussion with the Director of Corporate Services, it had been agreed that internal audit would concentrate on the Information Technology (IT) Department's service level agreement. The Committee noted that the Chief Executive had not authorised this change. The Committee stated that it should be understood and recorded that audit plans were approved and owned by the Committee and that any proposed changes to plans, including the internal audit workplan, should be submitted for consideration by the Committee. It was agreed that the work on IT outlined in the original plan would be undertaken.
- 6.7 The Committee noted that internal audit fieldwork on financial systems was due to take place in January 2007 and that PKF would meet the Finance Manager and Baker Tilly to ensure that the findings fed into the external audit of the 2006-7 accounts.
- 6.8 The Committee noted that fieldwork on Fitness to Practise and the new building project (at 22-26 Stannary Street) were both due to take place in January 2007.
- 6.9 The Committee noted that finalised internal audit reports would be circulated to members.

Action: PKF (Ongoing)

Item 7.06/75 MODEL AGENDA FOR THE AUDIT COMMITTEE

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that at its meeting on 28 June, it had received a list of business for each meeting during the year. The Committee had agreed that the list should be presented as a table at its next meeting.
- 7.3 The Committee agreed to the following amendments:

- Risk management should be considered at every meeting;
- Internal audit progress reports should be considered at every meeting;
- It was good practice for the Committee to ask if there were any ongoing investigations or irregularities at every meeting;
- The February meeting should consider the updated risk register, instead of the June meeting;
- The June meeting should consider the external audit findings;
- The June meeting should consider the internal audit annual report;
- The September meeting should consider the performance of the internal and external auditors and the NAO. The Committee noted that PKF and the NAO both had client questionnaires which might be used for this purpose.

7.4 The Committee noted that the internal and external auditors would be encouraged to comment as part of the Committee's review of its effectiveness at each September meeting.

7.5 The Committee agreed that the timetable of business should be revised as discussed.

Action: CB (by 6 December 2006)

Item 8.06/76 DATES OF AUDIT COMMITTEE MEETINGS 2007/8

8.1 The Committee received a paper to note from the Executive.

8.2 The Committee noted the list of dates for Committee meetings, which had been agreed by the Chairman.

8.3 The Committee agreed that the meeting in June 2008 should be held on Thursday 26 June 2008, to fit within the likely timetable for preparation of the 2007-8 report and accounts.

Item 9.06/77 ANY OTHER BUSINESS

9.1 There was no other business.

Item 10.06/78 DATE AND TIME OF NEXT MEETING

10.1 The next meeting of the Committee would be held at 10.30 a.m. on Wednesday 6 December 2006.

10.2 Subsequent meetings would be held at 10.30 a.m. on:

Wednesday 28 February 2007

Tuesday 26 June 2007

Tuesday 25 September 2007

Wednesday 5 December 2007
Wednesday 27 February 2008
Thursday 26 June 2008

CHAIRMAN

DATE