

Audit Committee 25 September 2007

Internal audit progress report

Executive summary and recommendations

### **Introduction**

Jon Dee of PKF has prepared the attached report which sets out progress on internal audit.

### **Decision**

The Committee is asked to discuss the report.

### **Background information**

At its meeting on 27 March, the Committee approved the Internal Audit Plan for 2007-8.

### **Resource implications**

None.

### **Financial implications**

None.

### **Appendices**

Internal Audit Progress Report.

### **Date of paper**

13 September 2007.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2007-09-12	a	ADT	PPR	Executive summary internal audit progress report Audit Committee 25 September 2007	Final DD: None	Public RD: None

# Health Professions Council

## Internal Audit

### Audit Committee Progress Report – 2007/08

*13<sup>th</sup> September 2007*



Accountants &  
business advisers

## Introduction

This report summarises the progress that we have made with the 2007/08 internal audit programme and the results arising from the reviews that we have undertaken in the period since we last presented our findings to the Audit Committee.

## Overview of progress

We are pleased to note that the audit programme is progressing steadily in accordance with the timetable approved by the Audit Committee in February 2007.

<b>Total planned audit days for 2007/08</b>	<b>47 days</b>
Target audit days to be completed by 13th September 2007	14 days
Actual audit days completed as at 13 <sup>th</sup> September 2007	15 days
<b>Remaining audit days to be completed</b>	<b>32 days</b>
Projects scheduled for quarter 3	18 days
Projects scheduled for quarter 4	11 days
Unallocated contingency	2 days

We wish to thank all members of staff for their availability, co-operation and assistance during the course of the reviews undertaken during this period.

## Implications for governance

No significant control failures have been identified from the audits carried out to date.

Summary of the results of the audits undertaken to 13<sup>th</sup> September 2007

Review Outline	Progress/Conclusions	STATUS
<p data-bbox="188 389 654 494"><b>Business Continuity Planning and Disaster Recovery Planning : 3 audit days</b></p> <p data-bbox="188 539 654 766">Assessment of non IT business continuity arrangements and disaster recovery arrangements with a focus on premises and staff availability issues and the ability to respond to major incidents.</p> <p data-bbox="188 810 456 836">The review examined :</p> <ul data-bbox="232 868 654 1136" style="list-style-type: none"><li data-bbox="232 868 654 976">• Risk assessment processes for business-critical elements at a corporate level;</li><li data-bbox="232 1008 654 1078">• Adequacy of response planning; and</li><li data-bbox="232 1110 524 1136">• Adequacy of testing.</li></ul>	<p data-bbox="680 389 967 414"><b>Opinion – Satisfactory</b></p> <p data-bbox="680 539 1326 564">Previously reported to the June 2007 Audit Committee.</p>	<p data-bbox="1935 389 2016 414">FINAL</p>

### Summary of the results of the audits undertaken to 13<sup>th</sup> September 2007 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p><b>External Communications : 6 audit days</b></p> <p>Assessment of the arrangements for managing the quality, timeliness and consistency of external communications, focusing on communications with registrants and with the public (under Article 3 (13)). This will consider the risks involved, how the required communications are delivered and the effectiveness of the monitoring of performance in these areas.</p>	<p><b>Opinion - Satisfactory in most respects</b></p> <p>The organisation's approach that includes a structured work plan, significant management input to external communications and the regular scrutiny of activities by the Communications Committee meet best practice.</p> <p>However, we noted that there may be scope for improving the effectiveness of some activities such as the HPC's attendance at external exhibitions and listening events and the resources currently deployed towards external communications may now need to be enhanced as a result of the recent White Paper. We therefore raised 3 recommendations in relation to these matters.</p> <p>At the time of our review, much of the work plan for 2007/08 had still to be delivered, particularly in relation to communicating with the public. For this reason, we were unable to conclude as to whether some of the planned controls and checks over the quality, consistency and delivery were operating effectively since they were not due to come into operation until later this year, when the HPC's principal external communications activities are due to take place.</p>	<p><b>FINAL</b></p>

### Summary of the results of the audits undertaken to 13<sup>th</sup> September 2007 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p><b>Fitness to Practise – Phase II : 3 audit days</b></p> <p>Follow up of the audit recommendation from our 2006/07 review and specific consideration of the management of the implementation of the new FTP database.</p>	<p><b>Opinion – Satisfactory</b></p> <p>We were pleased to note that the Fitness to Practise work plan now includes a specific objective on risk management as we recommended in our previous report. The work plan summarises the key areas of risk and describes the main measures and steps that the department plans to take to mitigate these risks.</p> <p>At the time of our audit visit in July 2007 we noted that the implementation had been completed and the APU system was being used to provide management reports for the HPC's various committees. Our sample testing also indicated that the data recorded on the APU database had been accurately transferred from the databases that were previously in operation.</p> <p>Based on our experience, where a database is central to an organisation's operational activities it is best practice for management to establish a systematic and formal quality assurance check on the data recorded. We therefore discussed this matter in detail with management within the Fitness to Practise Department. As a result, management agreed to undertake a sample of quality checks on a sample of cases that are currently under consideration.</p> <p>At the time of our report (August 2007) this review was still in progress, although it was scheduled to be completed shortly thereafter. We therefore recommended that the findings should be considered by the next meeting of the Conduct and Competence Committee.</p>	<p><b>FINAL</b></p>

Summary of the results of the audits undertaken to 13<sup>th</sup> September 2007 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p><b>Financial Systems: 13 audit days</b></p> <p>Review and testing of the controls over the main financial systems and follow up of agreed actions from the 2006/07 review. This will cover project financial management, payroll, budgetary control, ledger management, asset management, income, including forecasting, billing, recovery and recognition, purchasing and payments, travel and subsistence and cash management including cash flow management, banking and reporting.</p>	<p><b>Quarter Three Review</b></p>	<p>Scheduled for w/c 2<sup>nd</sup> October</p>
<p><b>New Building Project: 2 audit days</b></p> <p>The review will revisit the arrangements for managing the project and seek to confirm that the key project controls are continuing to operate.</p>	<p><b>Quarter Three Review</b></p>	<p>Scheduled for October</p>
<p><b>IT review – Laptop controls: 2 audit days</b></p> <p>Assessment of arrangements for laptop encryption and anti-theft arrangements and software licensing.</p>	<p><b>Quarter Three Review</b></p>	<p>Scheduled for October</p>

**Summary of the results of the audits undertaken to 13<sup>th</sup> September 2007 (cont.)**

<b>Review Outline</b>	<b>Progress/Conclusions</b>	<b>STATUS</b>
<p><b>Registrations: 5 audit days</b></p> <p>Review and testing of the controls within the Registrations function. This will cover the risk management arrangements, performance management arrangements and operational controls relating to registrations.</p>	<p><b>Quarter Four Review</b></p>	<p>Quarter 4</p>
<p><b>Corporate Governance and Risk Management: 5 audit days</b></p> <p>Annual assessment of the corporate governance arrangements for the Health Professions Council. This year's review will focus on the development and use of risk management and follow up of action on the issues identified in the year one review.</p>	<p><b>Quarter Four Review</b></p>	<p>Quarter 4</p>