

Audit Committee – 9 December 2009

Internal audit report – Review of recommendations from previous reports

Executive summary and recommendations

Introduction

PKF has undertaken a review of recommendations from previous reports, in line with the internal audit plan. The report is attached as an appendix to this paper.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 26 February 2009, the Committee approved the internal audit plan for 2009-10.

Resource implications

None.

Financial implications

None.

Appendices

Internal audit report: Review of recommendations from previous internal audits.

Date of paper

27 November 2009.



Health Professions Council

Internal audit recommendations

Follow up review 2009/10

Final November 2009

Confidential



Accountants &
business advisers

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1 Introduction and scope

- 1.1 In accordance with our 2009/10 internal audit programme that was agreed with management and the Audit Committee in February 2009, we have undertaken a review of extent to which the Health Professions Council (“HPC”) has implemented our previously raised recommendations.
- 1.2 The work was carried out primarily by holding discussions with relevant employees and management and undertaking compliance testing on a sample basis, where appropriate to evidence that the recommendations had been implemented. The audit fieldwork was undertaken in November 2009.
- 1.3 This report has been prepared as part of the internal audit of the Health Professions Council under the terms of our engagement letter for internal audit services. It has been prepared for the Health Professions Council and we neither accept nor assume any responsibility or duty of care to any third party in relation to it.
- 1.4 The conclusions and recommendations are based on the results of audit work carried out and are reported in good faith. However, our methodology is dependent upon explanations by managers and sample testing and management should satisfy itself of the validity of any recommendations before acting upon them.

2 Executive summary

2.1 This report summarises the work undertaken by PKF within the agreed scope of our review of the extent to which the HPC has implemented our previous recommendations. The work was performed as part of our agreed internal audit plan for 2009/10.

Background

2.2 In accordance with best practice a mechanism for formally following up our audit recommendations has been built into our internal audit strategic plan that was agreed by the HPC Audit Committee. Over the course of the three year programme, this takes the form of two formal follow up reports.

2.3 The first was presented to the Audit Committee in September 2008 and covered our 2007/08 recommendations and some recommendations raised by the HPC's external auditors Baker Tilley.

2.4 This document is the second of the scheduled formal reports and covers any outstanding recommendations from 2007/08, the recommendations that we raised during 2008/09 and those 2009/10 recommendations that were scheduled to be completed by October 2009.

2.5 The key findings arising from our work are set out in the following paragraphs.

Our assessment

2.6 There were a total of seven recommendations raised by PKF during 2008/09 and 2009/10 that were scheduled to have completed by November 2009. The recommendations raised related to the following areas:

- Financial systems; and
- Employee health & safety.

2.7 The improvements to the control framework that we suggested were aimed at sharpening the focus of well-established existing controls over the HPC's key systems.

2.8 We were pleased to note that all of our 2008/09 recommendations have now been implemented. Management has also planned actions to address the two recommendations (due to be implemented by July 2009) that were raised in our 2009/10 report on employee health & safety. We understand that these actions will be completed before the next meeting of Council.

2.9 The detailed results of our follow up work are set out in Section 3 and Section 4 of this report.

- 2.10 The results of our follow up of the two outstanding Baker Tilley recommendations from 2007/08 (included in our 2008/09 report) are set out in Section 5 of this report.
- 2.11 We were pleased to note that these have been implemented.
- 2.12 Finally, we wish to thank all HPC employees for their availability, co-operation and assistance during the course of our review.

PKF (UK) LLP
November 2009

3 Follow up of PKF 2008/09 Recommendations

Recommendation	Responsible Officer	Action taken to date	Evidence to support action	Further action required
Financial systems				
1. An inventory of all the key spreadsheets used by the Finance Team for accounting purposes should be prepared. This inventory should then be used as the basis for scheduling periodic checks of the integrity of the data and formulae contained within each spreadsheet.	Financial Controller	An Inventory of all the key spreadsheets is now produced on a monthly basis and checked by the Financial Controller. The spreadsheets are also reviewed by the Finance Director on a quarterly basis.	List of key spreadsheets. No evidence of similar spreadsheet errors arising during 2009/10 internal audit.	None.
2. Staff should be reminded that suggested cheque payment reports should be signed by two signatories in all cases as required by procedures.	Financial Controller	Staff have been made aware of the internal audit finding from 2008/09.	Sample testing of cheque payment reports did not identify departures from procedures.	None.

Recommendation	Responsible Officer	Action taken to date	Evidence to support action taken	Further action required
Financial systems				
3. The £1 difference on the trial balance should be investigated and corrected.	Financial Controller	The £1 difference was investigated and has been cleared.	The trial balance as at 31 st October 2009 was in balance.	None.
4. The review of the trial balance against the reported management accounts should be formally evidenced at least on a quarterly basis in line with reporting to the Finance & Resources Committee.	Director of Finance	The trial balance is printed off on a monthly basis. The checking of the trail balance to the reported management accounts is now included within the new month end timetable.	Management accounts and trial balance have been signed off to evidence review and are held on month end file.	None.

Recommendation	Responsible Officer	Action taken to date	Evidence to support action taken	Further action required
Financial systems				
5. The HPC should consider the exposure of its investments and reconsider the arrangements for investment management in the light of knowledge of the increased risk in the current economic climate.	Director of Finance	The Finance and Resources committee reviewed the arrangements for HPC's investments at the meeting on 16 th March 2009. The committee agreed that due to the size of the portfolio they would continue to use one sole investment manager, Rensburg Sheppards.	Finance & Resources Committee minutes and papers for 16 th March 2009.	None.

4 Follow up of PKF 2009/10 recommendations due by October 2009

Recommendation	Responsible Officer	Action taken to date	Evidence to support action taken	Further action required
Employee health & safety				
6. Council should be provided with details of the number and type of health & safety incidents that have arisen at the HPC at least once annually.	Chief Executive & Registrar	A paper will be presented to the next Council meeting updating them on the number and type of Health & Safety incidents that have arisen. In view of the importance of this, along with need to ensure that Council are fully aware of it's responsibilities under the Health & Safety at Work act 1974 and the Health & Safety Regulations along with the Regulatory Reform (Fire Safety) order 2005 it is proposed that Council be briefed 6 monthly, in December and June or at the nearest Council meeting to these proposed dates.	Actions are planned to be undertaken at the coming meetings of Council.	The actions planned by management need to be completed.

Recommendation	Responsible Officer	Action taken to date	Evidence to support action taken	Further action required
Employee health & safety (cont.)				
7. The HPC should undertake a formal review of its health & safety risk assessment each year in order to meet HSE best practice.	Facilities Manager	<p>We understand that there was an urgent to update risk management in respect of the building works undertaken in 2009. Now that this has been completed,</p> <p>Before the next Council Meeting the Facilities Manager will be completing the formal review of the HPC's Health & Safety Risk Assessments, which will then be reviewed by the Director of Operations and Chief Executive, along with the Executive Management team. Any further actions will be outlined and milestones agreed.</p>	Actions are planned to be undertaken before the coming meeting of Council.	The actions planned by management need to be completed.

5 Follow up of outstanding 2007/08 Baker Tilley recommendations

Recommendation	Responsible Officer	Action taken to date	Evidence to support action taken	Further action required
<p>8. It is recommended that the Finance team should reconcile the figures to Netregulate on a monthly basis, with differences investigated as they arise. Deferred income should be fully reconciled prior to onsite external audit work commencing.</p>	<p>Financial Controller</p>	<p>Reconciliation completed and up to date</p>	<p>31st October reconciliation spreadsheet</p>	<p>None.</p>
<p>9. It is recommended to password protect the whole income analysis model spreadsheet to ensure only suitable authorised personnel can access the key spreadsheet. Consideration should also be given as to protecting key calculation cells within the spreadsheet to protect against accidental overtyping of key cells.</p>	<p>Financial Controller</p>	<p>Access to the key spreadsheet has been reviewed and is now limited to only authorised personnel.</p>	<p>Restricted list of individuals who have access to the spreadsheet.</p>	<p>None.</p>