

<p style="text-align: center;"><b>Audit Committee</b></p>
---

**Public minutes of the 31st meeting of the Audit Committee held as follows:-**

**Date:** Thursday 25 November 2010

**Time:** 12:30 pm

**Venue:** Room N, Health Professions Council, Park House, 184 Kennington Park Road, London SE11 4BU

**Present:** Jeff Lucas (Chair)  
Joy Tweed

**In attendance:**

Mr C Bendall, Secretary to the Committee  
Mr M Burgess, National Audit Office  
Mr G Butler, Director of Finance  
Mr J Dee, PKF (UK) LLP  
Mr T Drew, PKF (UK) LLP  
Mr R Dunn, Head of Business Process Improvement  
Mr R Kennett, Chair, Finance and Resources Committee (observer)  
Mr G Ross-Sampson, Director of Operations

### **Item 1.10/70 Apologies for absence**

1.1 Apologies for absence were received from Deep Sagar.

### **Item 2.10/71 Approval of agenda**

2.1 The Committee approved the agenda, subject to receiving a tabled paper under item 11 (any other business).

### **Item 3.10/72 Declarations of members' interests**

3.1 Mr Kennett declared an interest in item 16 (presentations from short-listed internal audit firms) as he had previously worked for one of the firms (RSM Tenon Limited). Mr Kennett left the room for the question and answer session with that firm and, as an observer at the meeting, was not involved in selecting the successful firm.

### **Item 4.10/73 Minutes of the Audit Committee meeting of 23 September 2010 (report ref: AUD 44/10)**

4.1 It was agreed that the minutes of the meeting of the Audit Committee held on 23 September 2010 should be confirmed as a true record and signed by the Chair.

### **Item 5.10/74 Matters arising (report ref: AUD 45/10)**

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

5.2 The Committee noted the actions list as agreed at the last meeting.

### **Item 6.10/75 Business Process Improvement report (report ref: AUD 46/10)**

6.1 The Committee received a report summarising business improvement work.

6.2 The Committee noted that the British Standards Institute (BSI) had conducted an audit of the quality management system for several departments on 23 November 2010, as part of the planned audit work. The audit had not identified any non-conformances.

6.3 The Committee noted that BSI were undertaking research with its clients, including HPC, on the benefits of the ISO 9001:2008 quality management systems. The Executive would report the findings (if shared by BSI) with the next available meeting of the Committee after release.

6.4 The Committee noted that a local power cut on the evening of Saturday 13 November 2010 had not seriously affected HPC's IT systems, due to business continuity procedures which were in place. The Executive would review the incident to identify lessons learned and whether procedures could be improved.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2010-11-17	b	AUD	MIN	Minutes Audit Committee 25 November 2010 public meeting	Final DD: None	Public RD: None

- 6.5 The Committee noted that the Executive was developing a policy on information security. The Finance and Resources Committee was due to consider the policy in 2011.

**Item 7.10/76 Internal audit workplan 2010-11: Proposed change to workplan (report ref: AUD 47/10)**

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 At its previous meeting, the Committee had noted that the internal audit workplan for 2010-11 included eight days for a review of the project to regulate psychotherapists and counsellors. However, in July 2010 the Department of Health had published the report of a review of arm's-length bodies. The report's recommendations had included the abolition of the General Social Care Council (GSCC) and the transfer of its regulatory functions to HPC. It was likely that the regulatory functions would be transferred from GSCC before HPC began regulating psychotherapists and counsellors.
- 7.3 The Committee agreed that the eight days planned for a review of the project to regulate psychotherapists and counsellors should instead be allocated to a review of the project to transfer regulatory functions from GSCC. The Committee agreed that the review would take place in the fourth quarter of 2010-11.

**Action: PKF (by March 2011)**

**Item 8.10/77 Transfer of regulatory functions from General Social Care Council to HPC (report ref: AUD 48/10)**

- 8.1 The Committee received a paper for discussion/approval from the Executive.
- 8.2 The Committee noted that, at the Council meeting on 14 October 2010, the Council had agreed that there would be a standing item on every Council and committee agenda, whereby the Executive would report on the progress of this project. The Council was also receiving weekly progress reports by e-mail from the Executive.
- 8.3 The Committee noted that it was now expected that the Bill to transfer regulatory functions would be laid in Parliament on 17 January 2011, with the legislation due to come into effect in August 2011 and the transfer of functions due to take place in April 2012.
- 8.4 The Committee noted that the project team at HPC had established good working relationships with employees at GSCC. The Executive would need to review how GSCC recorded information and data.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2010-11-17	b	AUD	MIN	Minutes Audit Committee 25 November 2010 public meeting	Final DD: None	Public RD: None

**Item 9.10/78 Risk appetite (report ref: AUD 49/10)**

- 9.1 The Committee received a paper for discussion/approval from the Executive.
- 9.2 The Committee noted that, at its previous meeting, it had discussed a statement of risk appetite prepared by the Nursing and Midwifery Council. The Committee had considered the statement as a possible model to be used by HPC in developing its own statement. The paper contained a draft statement of risk appetite, to the effect that HPC was risk averse in all areas of its work.
- 9.3 The Committee agreed the statement of risk appetite as set out in the paper.

**Action: RD (by 9 December 2010)**

**Item 10.10/79 Audit Committee terms of reference (report ref: AUD 50/10)**

- 10.1 The Committee received a paper for discussion/approval from the Executive.
- 10.2 The Committee noted that, at its previous meeting, it had reviewed its terms of reference and suggested some amendments. The Committee had agreed that the Executive should compare the suggested amendments to the Finance and Resources Committee's terms of reference, to ensure that there was no overlap. The Committee had also agreed that the suggested amendments should be compared to the model terms of reference for audit committees, which had been published by HM Treasury in 2007.
- 10.3 The Committee noted that it had previously discussed whether its terms of reference should include value for money. The Committee noted that the Finance and Resources Committee considered value for money when it reviewed the annual budget and performance against budget. The Executive also reviewed contracts and changed suppliers if necessary, in order to achieve value for money.
- 10.4 The Committee agreed to recommend to the Council that its terms of reference should be amended as follows:
  - (1) amend point 3 to read 'review the external auditors' management letters and any other *relevant* reports and to report on these to Council as appropriate.';
  - (2) add a new point (as point 8) to read 'to consider the Council's (a) accounting policies and (b) anti-fraud policies and the whistle-blowing processes and make recommendations to the Council and the Registrar (as Accounting Officer) as appropriate.'

**Action: CB (by 9 December 2010)**

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2010-11-17	b	AUD	MIN	Minutes Audit Committee 25 November 2010 public meeting	Final DD: None	Public RD: None

### Item 11.10/80 Any other business

- 11.1 The Committee received a tabled paper to note from the Executive, on the letter of understanding issued by the National Audit Office.
- 11.2 The Committee noted that the previous letter of understanding had been agreed in 2006, at a time when the National Audit Office was the second-tier external auditor. The Committee noted that the National Audit Office had prepared a new letter of understanding with HPC, to set out the scope of its work as sole external auditor and HPC's responsibilities as a client.
- 11.3 The Committee noted the letter.

### Item 12.10/81 Date and time of next meeting

- 12.1 The next meeting of the Committee would be held at 10.30 am on Wednesday 16 March 2011.
- 12.2 Subsequent meetings would be held at 10.30 am on:  
Thursday 23 June 2011  
Thursday 29 September 2011

### Resolution

The Committee agreed to adopt the following resolution:

'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;

- (1) information relating to a registrant, former registrant or applicant for registration;
- (2) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (3) 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;
- (4) negotiations or consultation concerning labour relations between the Council and its employees;
- (5) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (6) action being taken to prevent or detect crime or to prosecute offenders;
- (7) the source of information given to the Committee in confidence; or
- (8) 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.'

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2010-11-17	b	AUD	MIN	Minutes Audit Committee 25 November 2010 public meeting	Final DD: None	Public RD: None

## Summary of those matters considered whilst the public were excluded

### Item 13.10/82 Minutes of the private part of the Audit Committee of 23 September 2010 (report ref: AUD 51/10)

The Committee considered and approved the minutes of the private part of the Audit Committee meeting held on 23 September 2010.

### Item 14.10/83 Matters arising

There were no matters arising.

### Item 15.10/84 National Audit Office external audit planning 2010-11 (report ref: AUD 53/10)

The Committee approved the external audit plan for the 2010-11 accounts.

### Item 16.10/85 Presentations from short-listed internal audit firms (report ref: AUD 54/10)

The Committee received presentations from short-listed internal audit firms and recommended a firm to the Council for appointment as the internal auditor.

### Item 17.10/86 Risk register – Transfer of regulatory functions from GSCC to HPC (report ref: HPC 55/10)

The Committee reviewed a risk register for the proposed transfer of regulatory functions from the General Social Care Council to HPC.

### Item 18.10/87 Any other business

There was no other business.

**Chair**

**Date**

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2010-11-17	b	AUD	MIN	Minutes Audit Committee 25 November 2010 public meeting	Final DD: None	Public RD: None