

## Audit Committee

### Public minutes of the 41st meeting of the Audit Committee held on:-

**Date:** Wednesday 13 March 2013

**Time:** 10:30 am

**Venue:** The Council Chamber, Health and Care Professions Council, Park House,  
184 Kennington Park Road, London SE11 4BU

**Present:** Jeff Lucas (Chair)  
Julia Drown  
Morag MacKellar  
Joy Tweed

### In attendance:

Frank Burdett, Council member (observer)  
Martin Burgess, National Audit Office  
Graeme Clarke, Mazars LLP  
Roy Dunn, Head of Business Process Improvement  
Brendon Edmonds, Acting Director of Education  
Claire Gascoigne, Secretary to the Committee  
Louise Hart, Secretary to Council  
Richard Houghton, Head of Registration  
Kelly Johnson, Director of Fitness to Practise  
Charlotte Milner, Head of Financial Accounting  
Tim Moore, Director of Finance  
Greg Ross-Sampson, Director of Operations  
Marc Seale, Chief Executive and Registrar  
Robert Silverman, Project Portfolio Manager  
Anna van der Gaag, Council Chair

### **Item 1.13/01 Apologies for absence**

- 1.1 The Chair welcomed Frank Burdett, Council Member, as an observer.
- 1.2 Apologies for absence were received from Richard Kennett (chair of the Finance and Resources Committee).

### **Item 2.13/02 Approval of agenda**

- 2.1 The Committee approved the agenda.

### **Item 3.13/03 Declarations of members' interests**

- 3.1 Members had no interests to declare in connection with the items on the agenda.

### **Item 4.13/04 Minutes of the Audit Committee meeting of 28 November 2012 (report ref: AUD 01/13)**

- 4.1 It was agreed that the public minutes of the 40th meeting of the Audit Committee should be confirmed as a true record and signed by the Chair subject to the following amendments;
  - item 7.4, addition of the action 'Director of Finance to consider a review of checking and banking income processes and report back to the Committee at its meeting on 25 June 2013 with an estimated timescale for completion'; and
  - item 7.5, amendment of anticipated completion date to June 2013.

### **Item 5.13/05 Matters arising (report ref: AUD 02/13)**

- 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 6.13/06 Business Process Improvement report (report ref: AUD 03/13)**

- 6.1 The Committee received a report summarising business process improvement work.
- 6.2 The Committee noted the following points;
  - the next BSI audit is scheduled for the 2 May 2013. This will complete the current 3 year audit cycle;

- a presentation on the Payment Card Industry Data Security Standard (PCI-DSS) was provided at the last All Employee meeting;
- the next Information Security training package for all employees, is being researched; and
- the collection of data on the HCPC's information assets continues. These assets are scored for risk and mitigation measures will be considered.

6.3 The Committee noted an error in the asset groups data snapshot.

**ACTION: Head of Business Process Improvement to amend the information assets data table**

6.4 The Committee noted the report.

**Item 7.13/07 Procurement policy update (report ref: AUD 04/13)**

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that the HCPC have reviewed and developed a Procurement and Tendering process in conjunction with extensive legal advice. This process has been applied as a temporary policy that will immediately be reviewed by an experienced Procurement Manager when recruited.
- 7.3 The committee discussed the recent unsuccessful recruitment campaign for a Procurement Manager. The Committee agreed that this recruitment was vital and should be progressed urgently.
- 7.4 The Committee approved the report.

**Item 8.13/08 National Audit Office (NAO) interim management letter (report ref: AUD 05/13)**

- 8.1 The Committee received a paper for discussion/approval from the Executive.
- 8.2 The Committee noted that the audit testing was positive and that no errors or control failings were found. Further audit work would be undertaken in March, followed by the final audit report in April.
- 8.3 The Committee noted that the NAO recently issued a Good Governance Factsheet which provides good practice observations from its audits to

assist organisations to prepare and review their own governance statements.

- 8.4 The Committee discussed the NAO recommendation that the HCPC should consider if its current Executive Directors fall within the definition of 'directors' as set out in the FReM, and that if it is felt that they do, their remuneration should be reported in the 2012-13 Remuneration Report.
- 8.5 The Committee requested that information on how other regulators have approached the publication of their Directors remuneration be gathered and reported back to the Finance and Resources Committee, along with details of the individual HCPC Director roles and duties.

**ACTION: Director of Human Resources** to present a report on the individual HCPC Director roles and duties, information on how other independent regulators report the remuneration of their directors and any recommendations to the Finance and Resources Committee and Council.

- 8.6 The Committee noted the report.

**Item 9.13/09 Internal audit strategy and fees 2013-14 (report ref: AUD 06/13)**

- 9.1 The Committee received a paper for discussion/approval from the Executive detailing the internal strategy for 2013-14. The report included an indicative timetable as appendix A.
- 9.2 The Committee noted that the internal audit strategy and operational audit plan had been informed by meetings between Mazars and the Chief Executive and interim Director of Finance; feedback from the Executive Management Team; the latest risk register for HCPC; and the results of internal audit work in 2011-12. The plan set out the anticipated areas of work; the planned start date of each review; and the planned dates when reports would be considered by the Executive Management Team and the Audit Committee.
- 9.3 The Committee discussed the internal audit plans for Corporate Governance. It was noted that in light of the expected Council restructuring, Mazars would focus on the organisation and documentation of the Council rather than its working.
- 9.4 The Committee requested that some of the contingency audit days be used to audit Partners Management, looking in particular at the pay status of HCPC Partners.

**ACTION: Mazars** to include an audit of Partners Management in the audit plan for 2013-14

- 9.5 The Committee discussed training for Audit Committee members. It was noted that this training was last undertaken 2 years ago. It was agreed that

any training should focus on what a good governance statement consists of and the difference between the Finance and Resources and Audit Committees.

**ACTION: Secretariat** to arrange internal training for Audit Committee members with input from Mazars and the NAO.

9.6 The Committee approved the internal audit plan subject to the inclusion of an audit of Partners Management.

**Item 10.13/10 Risk register & Top Ten Risks (report ref: AUD 07/13)**

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

10.2 The Committee noted that those risks remaining at high or medium post mitigation are listed in the Top Risks document, it was noted that one risk remains at high and 7 risks remain at medium level post mitigation.

10.3 The committee discussed the risk 1.5, loss of reputation. It was requested that more detail be included about the mitigations in place in the narrative section of the report. The Committee also requested that a comment on any incidents since the last report relevant to a risk item be included.

**ACTION: Head of Business Process Improvement** to enhance the loss of reputation mitigation narrative and include details of any incidents relevant to a risk since the last report.

10.4 The Committee requested that the likelihood of risk 8.2 be decreased as the Social Worker onboarding project has now ended successfully.

**ACTION: Head of Business Process Improvement** to decrease the likelihood of risk 8.2.

10.5 The Committee noted the report.

**Item 11.13/11 internal audit report – Corporate Governance and Risk Management (report ref: AUD 08/13)**

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

11.2 The Committee noted that Mazars had undertaken a review of the arrangements for Corporate Governance and Risk Management, in accordance with the internal audit plan agreed by the Committee in March 2012. It was noted that the report concluded that there was substantial assurance of the effectiveness of internal controls.

- 11.3 In relation to item 6.1 of the action plan in paper AUD 08/13, the Committee noted the housekeeping recommendation; that the Secretariat should determine a plan for the implementation of a new governance structure. The Committee noted that during 2013, governance arrangements including the Code of Corporate Governance will be reviewed.
- 11.4 In relation to item 6.2 of the action plan in paper AUD 08/13, the Committee noted the housekeeping recommendation; that Council members should be reminded of the need to make travel bookings sufficiently in advance.
- 11.5 The Committee noted that the Executive plans to write to all Council members reminding them of the need for advance booking. The Committee requested that details of the audit recommendation be included in the reminder to explain the consequences of late booking. It was also noted that the travel management contract is to be retendered with a view to tighter restrictions on travel booking.

**ACTION: Secretary to Council** to include details of the recommendation 6.2 in the communication to Council members about travel booking

- 11.6 The Committee approved the report.

**Item 12.13/12 Internal audit report - Fitness to Practise (report ref: AUD 09/13)**

- 12.1 The Committee received a paper for discussion/approval from the Executive.
- 12.2 The Committee noted that Mazars had undertaken a review of the arrangements for Fitness to Practise, in accordance with the internal audit plan agreed by the Committee in March 2012. It was noted that the report concluded that there was substantial assurance of the effectiveness of internal controls.
- 12.3 The Committee noted that there were no recommendations arising from the report. The Committee noted the achievement of the Fitness to Practise Department in maintaining its high standards of risk management whilst also onboarding Social Workers.
- 12.4 The Committee approved the report.

**Item 13.13/13 Internal audit report – Education (report ref: AUD 10/13)**

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

- 13.2 The Committee noted that Mazars had undertaken a review of the arrangements for Education: Approvals and Monitoring, in accordance with the internal audit plan agreed by the Committee in March 2012. It was noted that the report concluded that there was substantial assurance of the effectiveness of internal controls.
- 13.3 In relation to item 6.1 of the action plan in paper AUD 10/13, the Committee noted the housekeeping recommendation; that a standard approach regarding the acceptance of forms with or without signatures should be adopted. The Committee noted that the Secretariat and Education Department had resolved the issue and agreed a standardised format.
- 13.4 The Committee approved the report.

**Item 14.13/14 Internal audit report – Registration (report ref: AUD 11/13)**

- 14.1 The Committee received a paper for discussion/approval from the Executive.
- 14.2 The Committee noted that Mazars had undertaken a review of the arrangements for Registration, in accordance with the internal audit plan agreed by the Committee in March 2012. It was noted that the report concluded that there was substantial assurance of the effectiveness of internal controls.
- 14.3 In relation to item 6.1 of the action plan in paper AUD 11/13, the Committee noted the housekeeping recommendation; that the reference to LISA should be removed and replaced with NetRegulate. The Committee noted that this amendment had been made by the Executive.
- 14.4 The Committee approved the report.

**Item 15.13/15 Internal audit report - Project management (report ref: AUD 12/13)**

- 15.1 The Committee received a paper for discussion/approval from the Executive.
- 15.2 The Committee noted that Mazars had undertaken a review of the arrangements for Project Management, in accordance with the internal audit plan agreed by the Committee in March 2012. It was noted that the report concluded that there was substantial assurance of the effectiveness of internal controls.
- 15.3 In relation to item 6.1 of the action plan in paper AUD 11/13, the Committee noted the housekeeping recommendation; that the costs section of business cases should be completed in full and where possible be supported by actual quotations of costs from potential suppliers. It was

noted that The Project Portfolio Manager will remind the Executive Management group of this requirement.

- 15.4 In relation to item 6.2 of the action plan in paper AUD 11/13, the Committee noted the housekeeping recommendation; that Consideration should be given to exposing more staff within HCPC to involvement in projects. This recommendation followed an observation that the staffing of project boards and project teams indicated that there are often the same key individuals involved.
- 15.5 The Committee noted that recommendation 6.2 would be highlighted to the Executive Management group. The roles within a project board were discussed, and it was noted that the project lead has support from a Prince 2 qualified project manager at all times, and that staff new to projects received mentoring.
- 15.6 In relation to item 6.3 of the action plan in paper AUD 11/13, the Committee noted the housekeeping recommendation; that consideration should be given to devising an agreed 'light' version of the project methodology for use in departmental projects.
- 15.7 The Committee noted that the existing Project Management Handbook provides guidance to project managers of departmental projects and that Departmental projects are of a sufficiently low risk that they do not need to follow a formal HCPC process.
- 15.8 The Committee discussed the distinction between major and departmental projects. It was noted that a project is deemed to be major if any of the following criteria apply; failure to deliver the project would cause a risk to the reputation or operation of the HCPC, it involves three or more departments, it has a significant public/political impact or it involves a major change to a core business IT system or process.
- 15.9 The Committee approved the report.

**Item 16.13/16 Internal audit – Review of recommendations (report ref: AUD 13/13)**

- 16.1 The Committee received a paper for discussion/approval from the Executive.
- 16.2 The Committee noted that, at its meeting on 29 September 2011, it had agreed that it should receive a paper to each meeting, setting out progress on recommendations from internal audit reports.
- 16.3 The Committee noted that the automated readmissions project had been completed and that its first deployment raised one minor issue. The project is now in its second deployment and no issues have been encountered.



16.4 The Committee approved the report

**Item 17.13/17 Internal audit progress report (report ref: AUD 14/13)**

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

17.2 The Committee noted that there had been five reports finalised since its last meeting. These relate to Education: Approvals and Monitoring, Fitness to Practise, Registrations, Corporate Governance and Risk Management and Project Management. It was also noted that the Bribery Act report is at draft report stage, awaiting management comments, and will be presented at the next meeting of the Committee. This will conclude the internal audit schedule for 2012/13.

17.3 The Committee approved the report

**Item 18.13/18 Any other business**

18.1 There was no other business.

**Item 19.13/19 Date and time of next meeting**

19.1 The next meeting would be held at 10.30 am on Tuesday 25 June 2013

19.2 Subsequent meetings would be held at 10.30 am on:

Thursday 26 September 2013

Tuesday 28 November 2013

**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;

- (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 Committee's or Council's functions.'

Item	Reason for Exclusion
20	c, d, g, h

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

**Item 20.13/20 Private minutes of the Audit Committee of 28 November 2012 (report ref: AUD 15/13)**

The Committee agreed that the private minutes should be confirmed as a true record and signed by the Chair.

**Item 21.13/21 Matters arising**

There were no matters arising from the minutes of the last meeting.

**Item 22.13/22 Any other business**

The Committee discussed a developing Human Resources situation.

**Jeff Lucas Chair**

**25/10/2013 Date**