THE HEALTH PROFESSIONS COUNCIL
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AUDIT COMMITTEE

MINUTES of the 8th Meeting of the Audit Committee held at 9 a.m. on **Wednesday 23rd March 2005** at Park House, 184 Kennington Park Road, London, SE11 4BU.

PRESENT

Dr Sandy Yule, Chairman
Mr Michael Barham
Mr Daniel Ross

Mr David Robinson (BDO Stoy Hayward) (BDO)
Mr Simon Brown (BDO)

Mr David Waddell (National Audit Office) (NAO)
Ms Vivien Choppen (NAO)
Mr Steven Murray (NAO)

Mr Paul Baker (Finance Director and Committee Secretary)
Mr Marc Seale (Chief Executive and Registrar)
Miss Larissa Foster (Human Resources Manager)

The Chairman welcomed all those attending from BDO and the NAO, together with those employees of HPC who were attending for the first time.

AUD01/05   APOLOGIES FOR ABSENCE

1.1   Apologies had been received from Mrs Jackie Stark and Mr Steven Corbishley (NAO).

AUD02/05   APPROVAL OF AGENDA

2.1   The Draft Agenda was adopted as the Agenda for the Meeting.

AUD03/05   APPROVAL OF MINUTES OF THE MEETING OF COMMITTEE HELD ON 23rd NOVEMBER 2005.

3.1   It was agreed that the minutes were a true record and were signed by the Chairman.

AUD04/05   MATTERS ARISING

4.1   The Secretary reported as follows:

23.2   Audit Management Letter – National Audit Office

Progress on recommendations is as follows:

1a, 1b Audit Committee Self-Assessment

Completed

2a, 2b Modified Historic Cost Accounting Adjustment

Will be undertaken as of 31 March 2005

3a   Reserves Policy

A policy of attempting to progress to Reserves to 3 months' overheads has been adopted by Council.

4a   Payment of Creditors monitoring

Regular monthly monitoring has taken place but a firm system for monitoring is yet to be devised. There are two payment runs monthly so all authorised expenditure is likely to be settled within 30 days. The accounts will reflect the fact that a formal system is yet to be introduced.

5a   Post opening by two persons

Not yet adopted. Comments were made that it was just as much for the protection of the person opening the post (false accusation) as to mitigate the risk of theft. The Chief Executive confirmed that he did he did to want to resource this as the risk was minimal. When there was a heavy load of post (e.g. at the time of renewal of a profession), post was opened by a group rather than one individual. Although a second receptionist was being recruited, it was unlikely

that this would solve the problem because there were high volumes of calls in the mornings when the post was being opened.

24.4   Purchase Ledger Internal Audit – BDO Stoy Hayward

Progress on recommendations is as follows:

1.   Authorised signatories for purchases

A new list will be finalised by 31 March 2005

2.   Payments within credit terms

Regular monthly monitoring has taken place but a firm system for monitoring is yet to be devised.   There are two payment runs monthly so all authorised expenditure is likely to be settled within 30 days. The accounts will reflect the fact that a formal system is yet to be introduced.

3.   Pay run authorisation

Now implemented

4.   Control over blank cheques

Now secure

5.   New Supplier Form

New system in place.   Both the Chief Executive and the Finance Director will continue to sign.

6.   New Supplier Forms

Performance enhanced

7.   Access Rights

Not yet implemented

8.   Credit Notes

Now authorised

9.   Tenders and Contracts – Contract List

Likely to be in 2005/6

10.   Tenders and Contracts – Documented Procedures

Outstanding – will take place in 2005/6. No suitable training course found.

11.   Tenders and Contracts – Staff register of Interests

2005/6

12.   Tenders and Contracts – Register of Complaints

2005-6

4.2   There were no other matters arising.

AUD05/05   RISK ASSESSMENT – FEBRUARY 2005

The Committee NOTED the Risk Assessment document, which had previously been approved by the Finance and Resources Committee and which was now to become the responsibility of the Audit Committee. It was the Executive's intention to allocate each risk category to individual executives to manage the risk.

AUD06/05   AUDIT COMMITTEE SELF-ASSESSMENT

6.1   The Committee, together with the Chief Executive and some members of the Finance & Resources Committee, had undertaken a successful self-assessment day run by the National Audit Office. The report following the day was studied by the Committee.

6.2   The main outcomes from the day were as follows:

a) The remit of the Committee should be expanded.

b) Responsibility for approving the risk assessment document should become the responsibility of the Committee.

c) The Audit Committee should cease to be a sub-committee of the Finance & Resources Committee and should report directly to Council.

d) The membership of the Committee should be reviewed and specific note taken of the experience of members, training to be given where necessary.

e) Timing and number of meetings should be reviewed.

6.3   A full copy of the report forms Appendix I to these minutes.

6.4   The Committee AGREED the recommendations subject to ratification by the Finance and Resources Committee and subsequently by Council.

AUD07/05   HUMAN RESOURCES INTERNAL AUDIT REPORT

7.1   Simon Brown (Internal Audit Department, BDO) presented his paper reporting on the Internal Audit visit to the Human Resources Department (dated March 2005).

7.2   It was noted that the work had been undertaken after the resignation of the Human Resource Director, Denise Thompson. It was noted that Larissa Foster had assumed management control of the department for the time being as Human Resources Manager and that Liz McKell had been appointed Partner Manager.

7.3   The report is produced in its entirety as Appendix II to these minutes for the benefit of members of the Finance and Resources Department.

7.4   The report enumerated 5 fundamental faults and a further 8 significant faults. Many of these faults had already been rectified. It was AGREED that the department would strive to continue putting all matters to rights during the summer and that there would be a further internal audit visit and report in the autumn.

AUD08/05   AUDIT STRATEGY 2005 – BDO

8.1   David Robinson (BDO) presented his strategy for the year end audit, which itemised fifteen major risks, around which the audit would be structured. These were as follows:

   1.   Ensuring that the proper approval procedures are followed before new registrants are placed on the system.

   2.   Ensuring that the proper procedures are followed before non paying, retired and lapsed registrants are removed from the system.

   3.   The collection systems following the trail from registered registrants through to invoicing, cash collection and onward to banking.

   4.   Revenue recognition was correct by ensuring that the revenue is allocated to the correct accounting period.

   5.   Ensuring the tendering procedures with regard to expenditure are being adhered to.

   6.   Ensuring that all expenditure is authorised in accordance with HPC's guidelines.

   7.   Ensuring that the cheque signatory procedures are adhered to.

   8.   Reviewing the IT system to ensure that there is adequate password control, data back-up and disaster recovery.

9.   Reviewing major areas of expenditure in the Income and Expenditure Account and, in particular, legal costs and ensuring that lawyers' unbilled legal costs are accrued for in HPC's accounts.

10.   Ensuring that HPC does not face litigation with regard to any "incompetence".

11.   Reviewing the investment portfolio to ensure that the value included in HPC's accounts is the market value and that income on those investments has been properly accounted for.

12.   Reviewing the accounting policies to ensure that they are appropriate for HPC.

13.   Considering the value of the freehold property contained in the accounts is reasonable.

14.   Reviewing the financial statements and supporting notes to ensure that they comply with required reporting requirements and in particular, Section 46(1)(b) of the Health Professions Order 2001 and the directions made by the Privy Council.

15.   Reviewing HPC's forecasts for the next year to ensure that after taking account of any borrowing facilities, the company has adequate funds in order to meet its liabilities as and when they fall due, i.e. to ensure that HPC is a going concern.

8.2   The Committee AGREED the strategy document.

AUD09/05   **AUDIT STRATEGY 2005 – NAO**

9.1   Steven Murray (NAO) presented their strategy document for the ensuing year end audit.

9.2   Their work would largely consist of reviewing the audit work undertaken by BDO and ensuring that the financial statements complied with public sector, especially NDPB, accounting rules. They would not be undertaking a detailed audit review of transactions, systems and controls.

9.3   The Committee AGREED the strategy document.

AUD10/05   **INTERNAL AUDIT 2005/6**

10.1   It was AGREED that further internal audit work would be undertaken on the Human Resources Department during the year. Additional work would be planned by the Executive and BDO, bearing in mind the risks identified in the Risk Assessment document, and details suggested to the Committee at its next meeting.

AUD11/05   ANY OTHER BUSINESS

11.1   As it was his last meeting, the Chairman paid tribute to the work and professionalism that David Waddell (NAO) had undertaken and provided and wished him well in his new role within the NAO.

AUD12/05   DATE AND TIME OF NEXT MEETING

26.1   The next meeting was confirmed as Thursday 23rd June 2005 at 9.00 a.m. at Park House.

Signed ……………………………………. (Chairman)

Date …………………………..

APPENDIX I

AUDIT COMMITTEE SELF ASSESSMENT

APPENDIX II

HUMAN RESOURCES INTERNAL AUDIT REPORT

NATIONAL AUDIT OFFICE

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HEALTH PROFESSIONS COUNCIL
Audit Committee self assessment
Conclusions and recommendations from the
facilitated seminar

NATIONAL AUDIT OFFICE
MARCH 2005

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Summary

1. The role and importance of Audit Committees is increasing in the private and public sectors, as financial reporting requirements become more stringent and corporate governance developments are embraced. The Higgs Report on the Review of the Role and Effectiveness of Non-Executive Directors, the Smith Report on Audit Committees, the Combined Code on Corporate Governance and the Treasury's Audit Committee Handbook were all issued during 2003 and all have particular relevance to the roles and responsibilities of public sector Audit Committees. Audit Committees are facing new and greater challenges.

2. The Health Professions Council ("The Council") Audit Committee was established in 2002 and it has not reviewed its effectiveness since then. In the light of the above sector changes and in view of the increasing importance of Audit Committees within the private and public sectors, and the extent of new guidance on Audit Committees in recent years, along with recent changes in membership, the Audit Committee Chairman suggested that the time is right for the Audit Committee evaluate its own performance. The National Audit Office was invited to facilitate this process and was delighted to accept.

3. The process began with all members and invitees[1] being asked by the Council's Finance Director to complete the NAO's self-assessment questionnaire, which was based on the 1997 ICAEW's booklet, "Audit Committees – A Framework for Assessment". This was by way of giving the workshop participants the opportunity to give some thought to the effectiveness of the Audit Committee in advance of the workshop.

4. The workshop was facilitated by the National Audit Office's Director of Financial Audit: Health, Steven Corbishley, assisted by David Waddell and Steven Murray.

5. On the workshop day, the National Audit Office divided the participants into two syndicate groups for discussion of six key topics:

    Relationships and Communication

    Business Risk and Internal Control

    Roles and Remit

    Meetings

    Financial Information and Regulatory Matters

    Membership, Induction and Training

6. The topics were derived from the themes arising in the guidance available on the operation and effectiveness of Audit Committees, incorporating not only the 1997 ICAEW checklist themes, but also the newer requirements and guidance since that date.

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[1] *List of attendees is at Annex A.*

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7. The workshop methodologies derived by the National Audit Office were used to encourage participative discussion and to focus the groups on what they considered worked well and where improvements could be made in the operation of the Audit Committee. The underlying driver was to provide the Council with a report of practical recommendations for taking the operation of the Audit Committee forward.

8. This was achieved, for example, by asking the participants to consider the Council's Audit Committee operation against statements of current good practice for the above topics. The participants were also asked to consider the current terms of reference for the Audit Committee against two recent specimen terms of reference (Smith Report and Treasury's Audit Committee Handbook). The result was an interesting and lively discussion, with syndicate groups reporting back to the main group the results of their deliberations.

9. The exercise resulted in this Report of the main conclusions and recommendations for the future operation of the Council's Audit Committee.

Conclusions

10. The results of this self-assessment exercise were interesting. The National Audit Office's initial view was that the issues which Audit Committee may usefully address were the role of the committee compared to Finance and Resources Committee and the Council, and reporting lines. The Committee members and invitees were also generally of the view that broadly the Committee was operating well, with a small number of areas of operation that might need to be reviewed.

11. The outcome of the workshop confirmed that there are indeed many areas where the Audit Committee is highly effective and up-to-speed with current requirements and good practice on the roles and responsibilities of Audit Committees. For example, the appointment of a non-executive qualified accountant, the good exchange of communication with the Finance and Resources Committee, good and productive relations with Internal and External Audit and proper consideration of SAS 610 requirements on unadjusted errors.

12. At the same time, however, there are also several areas that the participants considered would need to be reviewed/improved to bring the Audit Committee fully into line with current best practice. The main areas are:

> Making the Committee a full Committee of the Council, rather than a sub-Committee of the Finance and Resources Committee.

> Amending the remit of the Audit Committee to separate its responsibilities more clearly from the Finance and Resources Committee.

> Specifically, including within the Committee's remit the consideration of overall risk management, corporate governance and assurance, and monitoring.

> As part of this increased remit, ensuring that all risks are adequately owned by a nominated 'champion' of that risk.

> Formalising many of the examples of good practice currently undertaken to ensure that none are lost when Committee members leave, particularly the lines of communication and reporting and the induction and training procedures.

Ensuring its minutes are copied to the Executive Management Team.

The above changes should be closely monitored, and the numbers, length and frequency of the Committee's meetings should be reviewed in light of any expanded remit.

13.   The main conclusions and recommendations are summarised in the next sections of this Report. We have also taken the opportunity to include references made to areas for improvement in the pre-workshop questionnaires, where these areas were not covered at the workshop itself.

14.   Finally, we would like to congratulate the Health Professions Council for its foresight in performing a self-assessment. We would also like to thank the participants of the Audit Committee workshop for their spirit of co-operation and enthusiasm and their willingness to be part of the National Audit Office's facilitated seminar.

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Roles and Remit

Suggestions for improvement

Following a review of the Council's Audit Committee arrangements against Combined Code and Treasury guidelines, it was found that there is a blurring of responsibilities between the Audit Committee and Finance and Resources Committee.

The main theme emerging from the discussions was a change in the constitution of the Audit Committee, transferring responsibility for risk monitoring to it and having the Committee report directly to the Council to improve the Committee's advisory role to the Council and Accounting Officer.

15. The workshop participants reviewed the Terms of Reference for the Health Professions Council Audit Committee against two of the recent specimen guidelines provided in the Smith Report (Audit Committees, Combined Code Guidance – January 2003 and the Treasury's Consultation Draft of the Audit Committee Handbook – April 2003 (the final version of which was published in October 2003)).

16. When reviewing the guidance, the groups found that the majority of the best practice statements applied to the Council; however it was noted that some functions are performed by the Audit Committee, and some by the Finance and Resources Committee.

17. It would be impractical to delegate all functions to the Audit Committee, so it was decided to transfer specific responsibility for risk monitoring and corporate governance, so that the Audit Committee review critically the compilation of the risk register and progress in managing or mitigating the risks identified.

18. In order to increase the influence of the Audit Committee, it was suggested that it should report directly to the Council, which would also firm up the advisory role of the Committee to both the Council and the Accounting Officer.

19. Along the same lines, further responsibility could be given to the Audit Committee for recommending to the Council the appointment of internal and external private sector auditors.

20. It was suggested that all these issues should be discussed further at a brainstorming session of the Finance and Resources Committee in order to finalise them formally.

Relationships and Communication

There is some confusion over the current relationships between the Audit Committee, the Finance and Resources Committee and the Council. Clear agreement should be made of what is to be considered at each committee and Council, and this should be written in to their terms of reference to avoid confusion.

Relationships and communication with the Finance and Resources Committee and Council

21. There is some confusion over which matters are considered by the Audit Committee, the Finance and Resources Committee and the Council. This is not helped by the fact that Audit Committee members sit on all three fora, and therefore are not sure where they saw papers relating to specific issues. We therefore recommended that there is a review of the material considered by the Council, Finance and Resources Committee and Audit Committee to clarify responsibilities and avoid unnecessary duplication.

22. A clear definition of communication and reporting lines should be agreed and written in to the relevant committee terms of reference. This should include a mechanism for Audit Committee minutes to be reported to Council and the Executive Management Team.

Relationships and communication with Internal Audit

23. Given its expanded remit, the Audit Committee should review in greater depth whether the current working relationships between the Council and Internal Audit give the Committee sufficient assurances over corporate governance and risk management procedures.

24. The Audit Committee should ask further questions about the extent to which all audit assurance sources are "joined up", but independent of each other.

Relationships and communication with External Audit

25. There is good communication between the Committee and both sets of external auditors. In particular, the Committee assesses the extent to which external audit plans are co-ordinated to minimise duplication of effort and capitalise on expertise.

26. However, the Committee does not formally consider the time spent on the audit by each grade of audit staff, including BDO Partner/NAO Director.

27. The external auditors are not currently asked by the Committee to feedback on its performance. This could usefully be done to ensure that the Committee maximises its effectiveness.

Communication at the Audit Committee

28. The Audit Committee considers that its agendas contain an appropriate number of topics.

Information supplied to the Audit Committee

29. The papers submitted for Audit Committee consideration are considered to be clear, well drafted and focused on the risks to be considered.

30. The Audit Committee has adopted the standard HPC format for each set of papers, requiring the Audit Committee Secretary to précis the purpose and content of papers in a standard format. This draws the Audit Committee members' attention to key matters requiring their consideration. The NAO considers the format of the papers to the Council and its committees to be very good.

31. The Committee does not currently ask about internal and external audit quality assurance procedures. It is assumed that internal audit and both sets of external auditors are subject to internal and peer reviews. The Committee should ensure that it is kept informed of any such reviews and their results.

Access to advice

32. The Audit Committee should consider how best to keep the Audit Committee Chairman and other members abreast of public sector accounting requirements.

33. Although the Committee Chairman meets the Accounting Officer, Finance Director, and both sets of external auditors, this process could be formalised.

Business Risk and Internal Control

Of the areas which the Audit Committee covers, there is good practice shown, such as in the consideration of internal and external audit recommendations. There is overlap however between the Audit Committee and Finance and Resources Committee, with the remit of the Audit Committee limited to consideration of mainly financial risks. It was felt that, to help address this, management's arrangements for corporate governance and risk management could be reviewed by the Audit Committee on behalf of the Accounting Officer and the Council.

Assessing the scope and work of Internal Audit

34. The Audit Committee ensures that internal and external auditors report to them on what they perceive as the key risks both in the short and long term.

35. Recommendations made by internal and external audit are followed up by the Committee, and explanations are sought if any accepted recommendations are not implemented.

36. It was considered that the Audit Committee satisfies itself that Internal Audit cover the risk areas which the Committee are asked to consider; mainly financial risks. This provoked the suggestion that the Committee's remit should be expanded to cover non-financial risks also.

Monitoring risk management arrangements

37. It was recognised that the Council has a detailed risk register, but there is no input into this from the Audit Committee, and little consideration of the management and completeness of these risks. Members only knew about the risks through sitting on the Finance and Resources Committee.

38. It was also noted that there is no-one assigned as a champion of each risk on the register, which reduces the scope for monitoring the management of the risk.

39. It was therefore suggested that, on behalf of the Accounting Officer and the Council, the Audit Committee takes ownership of ensuring that risk are properly identified, owned and addressed. The Committee will seek to assure itself and the Council that management has appropriate policies and procedures in place to identify risks (including the compilation and review of the risk register), mitigate and control risks, and report to Council on key areas.

40. Where relevant, the Committee should also assure itself that other committees are adequately addressing risks assigned to them.

Statement on Internal Control and assurance from Internal Audit

41. The Audit Committee reviews and approves the Statement on Internal Control before the Accounting Officer signs it.

42. However, this review could be improved by further consideration of the system of internal reporting, and whether it gives early warnings of control failures or emerging risks, as well as considering if the system of internal control has operated throughout the year.

43. This is in part linked to the remit of the Committee, and it was felt that the Committee could consider this area in more detail if their remit was expanded, in particular to review management's identification, control and reporting of risks.

Fraud

44. It was considered that the Audit Committee should expand its consideration of fraud to include monitoring of anti-corruption arrangements both with internal and registrant fraud. The Committee has similarly not considered the need for a whistle-blowers hotline for employees.

45. The Committee could also review the Codes of Conduct of the Council to ensure that all policies are properly reflected in these documents.

Meetings

The Council's Audit Committee meetings displayed many elements of best practice – with good control of the agenda, minutes and timing and frequency of meetings. However, these may need to be revised in the light of the expansion of the Committee's remit to also consider risk management.

Frequency

46. Treasury Guidance indicates that meetings should be held four times each year; three for smaller organisations. The Council's Audit Committee currently has three meetings each year, but this frequency is to be reconsidered in light of the expansion of the Committee's remit to also consider risk management.

Timing

47. The Audit Committee calendar matches the financial calendar for the approval of the accounts. The Audit Committee considers how best to address the issue of consideration and approval of the accounts before the Chief Executive's signature so that all Committee members receive the accounts and accompanying papers, and in good time.

48. Some members feel meetings can be rushed to ensure that Finance and Resources Committee meetings start on time. However, it was decided that, where meetings are forecast to take longer than the anticipated two hours, then the timing of the Finance and Resources Committee would be moved back to allow sufficient time.

Agenda management

49. Agendas are set in advance, and there is a clear calendar of matters to be covered in the next year. ICAEW Audit Committees guidance (A Framework for Assessment) contains specimen Audit Committee calendars, as does the Treasury's Audit Committee Handbook. The Committee Secretary may wish to review these to ensure that the cycle of topics to be covered remains appropriate.

Timing and content of papers

50. Good practice states that formal agendas, the supporting papers and brief executive summaries of longer papers, are issued to all participants at least a week in advance of the Audit Committee meeting. The Council generally meets this target but, on occasion, can miss it by a day or two with specific papers.

Attendance

51. Attendance records are kept, but not formally reviewed by the Executive.

Actions arising

52. Minutes are distributed promptly following the conclusion of the meeting.

53. Action points are assigned and the minutes record these. Actions are generally assigned to a single person to enable clarity of responsibility.

Location

54. Meetings generally take place at the Council's offices in Kennington. As a single site organisation, this is appropriate.

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Financial Information and Regulatory Matters

The Audit Committee apply many examples of good practice to their review of financial statements, considering all the main areas, liaising with auditors and reviewing unadjusted errors. The Committee could however improve its consideration of regulatory matters affecting the Council.

Understanding financial matters

55. It was acknowledged that the Audit Committee do a sound job in reviewing the financial statements and underlying information of the Council prior to sign off by the Accounting Officer, with all the items suggested in the good practice statements considered by the Committee.

56. As previously raised, the Committee liaises with internal and external audit, taking note of their recommendations.

57. The Committee reviews the SAS 610 unadjusted errors report, and asks why detected errors have not been corrected.

Compliance with regulations

58. The Committee felt that it could improve their consideration of regulatory matters affecting the Council, as they currently have no way of telling whether the Council is adhering to the relevant legislation.

59. Related to this is the consideration of provision of a whistle blowing hotline for employees, and communication of the policy to employees.

60. This is linked to the points raised above about the remit of the Committee, with expansion of this allowing fuller consideration of these wider topics.

Membership, Induction and Training

The current membership of the committee was considered appropriate. However, consideration should be given to the range of members' skills and experience, and performance should be assessed. As it is likely that the membership will change in the near future, an induction process for new members should be formalised.

Size and membership

61. There are four non-executive members on the Audit Committee. This includes one co-opted member with specific finance expertise. It is recognised, however, that there will be changes in the near future as a result of retirement of the Chairman and the forthcoming Council elections. The Audit Committee could formalise a rotation policy.

62. There appears to be an appropriate number of attendees. Given the proposals to expand the remit of the Committee, consideration could be given in the future to increasing this membership slightly.

63. The Council is also considering increasing representation from members who are not also on the Finance and Resources Committee.

64. Best practice guidance suggests that the Accounting Officer is not a member of the Audit Committee, but should normally attend the Committee's meetings.

Appointment processes

65. The criteria for assessment used to appoint the Chairman are not formalised. The Audit Committee should formalise these criteria, which should include chairing experience and time commitment.

66. Similarly, the Executive should consider what range of skills and experience the non-executives bring to the Audit Committee and this process should be formalised.

Independence, skills and experience

67. The Executive does not review Audit Committee members' performance. An annual performance management framework could be developed. In addition, the Committee may wish to occasionally benchmark itself against other Committees.

68. The Executive and the Audit Committee should determine the skills needs, review the current skills of the Audit Committee and identify whether there is a skills gap. Collective skills should include recent and relevant financial experience, business management, risk management and internal control, legal and human resource and quality procedures. The criteria for assessment should be formalised.

69. The Committee should assess its performance annually and determine areas where it would appreciate additional support.

Induction

70. There is no formal induction procedure for new members of the Audit Committee. The Audit Committee should consider instigating a formal process to do so.

71. There should be an induction process, including a checklist, for new non-executives (Audit Committee members and others) to include:

    a. Attendance at Boards

    b. Meeting with Risk Managers

    c. Meeting with Corporate Quality Manager

    d. Meeting with Head of Internal Audit

    e. Meeting with External Auditors

    f. Link-up with the Government Non-Executive Network

    g. Review of recent annual report and financial statements

    h. Internal and external audit reports.

Training

72. As part of self-assessment, the Audit Committee should make recommendations to the Executive on its training needs, both now and in the future. This process will be particularly relevant given the forthcoming changes in committee membership, and should be formalised.

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Annex 1: List of seminar attendees

Steven Corbishley
Overarching Facilitator

Syndicate Groups:

Group 1
Marc Seale. HPC Chief Executive
Sandy Yule, Chairman, HPC Audit Committee
Neil Willis, HPC Finance and Resources Committee member
Daniel Ross, HPC Audit Committee member
David Robinson. BDO Stoy Hayward
Steven Murray Facilitator

Group 2
Norma Brook, HPC President
Colin Lea. Chairman, HPC Finance and Resources Committee
Paul Baker, HPC Finance Director
Michael Barham. HPC Audit Committee member
Jon Chantler, BDO Stoy Hayward
David Waddell Facilitator

Business risk and internal control
Roles and remit
Financial information and regulatory matters

Relationships and communication
Meetings
Membership induction and training

![NAO logo] **NAO** NATIONAL AUDIT OFFICE

Annex 2: List of available guidance on Audit Committees

Source	Date	Title
HM Treasury	October 2003	The Audit Committee Handbook.
Financial Reporting Council	July 2003	The Combined Code on Corporate Governance
ICAEW Audit and Assurance Faculty	May 2003	The Power of Three: Understanding the Roles and Relationships of Internal and External Auditors and Audit Committees
ICAEW Audit and Assurance Faculty	May 2003	Guidance for Audit Committees – • Company Reporting and Audit Requirements • Working with Your Auditors • Reviewing Auditor Independence • Evaluating Your Auditors
Coordinating Group on Audit and Accounting Issues	January 2003	Final Report to the Secretary of State for Trade and Industry and the Chancellor of the Exchequer
Financial Reporting Council	January 2003	Audit Committees – Combined Code Guidance (The Smith Report)
Department of Trade and Industry	January 2003	Review of the Role and Effectiveness of Non-Executive Directors (the Higgs Report)
Auditing Practices Board	September 2002	Effective Communication between Audit Committees and External Auditors
ICAEW Audit and Assurance Faculty	2001	The Effective Audit Committee: A Challenging Role
Lord Sharman	February 2001	Holding to Account – The Review of Audit and Accountability for Central Government (The Sharman Review)

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Source	Date	Title
HM Treasury	2000	DAO 13/00 Corporate Governance: Statement on Internal Control (introduced Policy Principles for Audit Committees in Central Government)
Committee on Corporate Governance	May 2000	The Combined Code: Principles of Good Governance and Code of Best Practice – derived by the Committee of Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports
Stock Exchange/ICAEW	September 1999	Internal Control – Guidance for Directors on the Combined Code
ICAEW Audit Faculty	May 1997	Audit Committees – A Framework for Assessment

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Annex 3: Action Plan

Audit Committee Self-Assessment Action Plan

Recommendation	Management Response	Ownership	Target Date	Progress
Roles and Remit				
The role and remit of the Audit Committee should be expanded to cover specific responsibility for reviewing management's arrangements for corporate governance and risk management on behalf of the Accounting Officer and the Council. This will include reviewing critically the compilation and completeness of the risk register and management's progress in managing or mitigating the risks identified and reporting to Council on key areas.	Agreed.	Finance Director	30 June 2005	
The Audit Committee should be a full committee of Council, rather than a sub committee of the Finance and Resources Committee.	Agreed, subject to Council ratification.	Chief Executive	30 May 2005	
Given its expanded remit, further responsibility could be given to the Audit Committee for recommending to the Council the appointment of internal and external private sector auditors.	Agreed. Audit Committee will co-ordinate but there will be others on the selection panel.	Finance Director	By 31 March 2007	

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Recommendation	Management Response	Ownership	Target Date	Progress
Relationships and communication				
The matters to be considered by the Audit Committee, Finance and Resources Committee and Council should be clearly clarified.	Agreed.	Finance Director	30 June 2005	
Clear communication and reporting lines should be established between the various committees and Council.	Agreed.	Finance Director	30 June 2005	
Given its expanded remit, the Audit Committee should review in greater depth whether the working relationships between the Council and Internal Audit are sufficient	Agreed.	Finance Director	30 June 2005	
The Audit Committee should ask further questions about the extent to which all audit sources are "joined up", but independent of each other.	Agreed.	Finance Director	30 June 2005	
The Committee should formally consider the time spent on the audit by each grade of audit staff, including BDO Partner/NAO Director.	Agreed.	Finance Director	30 June 2005	

NAO
NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
The external auditors are not currently asked by the Committee to feedback on its performance. This could usefully be done to ensure that the Committee maximises its effectiveness.	Agreed.	Finance Director	30 June 2005	
The Committee does not currently ask about internal and external audit quality assurance procedures. It is assumed that internal audit and both sets of external auditors are subject to internal and peer reviews. The Committee should ensure that it is kept informed of any such reviews and their results.	Agreed.	Finance Director	30 June 2005	
The Audit Committee should consider how best to keep the Audit Committee Chairman and other members abreast of public sector accounting requirements.	Agreed.	Finance Director with NAO assistance if required.	30 June 2005	
Although the Committee Chairman meets the Accounting Officer, Finance Director, and both sets of external auditors, this process could be formalised.	Agreed.	Finance Director	30 June 2005	

NAO NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
Business Risk and Internal Control				
A named "champion" should be established for each risk on the Risk Register.	Agreed	Chief Executive	30 April 2005	
Where relevant, the Committee should also assure itself that other committees are adequately addressing risks assigned to them.	Agreed	Chief Executive	30 April 2005	
The Audit Committee should expand its consideration of fraud to include monitoring of anti-corruption arrangements both with internal and registrant fraud.	Agreed	Finance Director	30 April 2005	
The Committee should consider the need for a whistle-blowers hotline for employees.	This facility already exists (see Section 5K of employee handbook).	N/A	N/A	
The Committee could also review the Codes of Conduct of the Council to ensure that all policies are reflected in these documents.	Codes of Conduct will be reviewed to ensure that adherence to relevant policies is included.	Finance Director	31 July 2005	

NAO
NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
Meetings				
Where Audit Committee meetings are forecast to take longer than the anticipated two hours, then the timing of the Finance and Resources Committee should be moved back to allow sufficient time.	Certain longer meetings could be held on a separate day to Finance and Resources Committee, but timings can be adjusted where the Audit Committee business suggests a need.	Finance Director	30 April 2005	
The Committee Secretary may wish to review the ICAEW Audit Committees guidance (A Framework for Assessment) and Treasury's Audit Committee Handbook to ensure that the cycle of topics to be covered over a period of time remains appropriate.	Agreed	Finance Director	30 April 2005	
Audit Committee attendance records should be formally reviewed by the Executive.	This is not considered necessary as details are published annually.	N/A	N/A	

NAO
NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
Financial information and regulatory matters				
The Audit Committee felt that it could improve its consideration of regulatory matters affecting the Council, as they currently have no way of telling whether the Council is adhering to the relevant legislation.	The Committee Members will have new regulatory matters forwarded to them.	Finance Director	30 April 2005	

NAO
NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
Membership, induction and training				
The Audit Committee could formalise a rotation policy for its members.	Agreed.	Finance Director	30 June 2005	
Given the proposals to expand the remit of the Committee, consideration could be given in the future to increasing this membership slightly.	This will require alteration to standing orders	Chief Executive	30 June 2005	
The Council should consider increasing Audit Committee representation from members who are not also on the Finance and Resources Committee, for example by including some members who sit on the four statutory committees.	Agreed.	Finance Director	31 July 2005	
Best practice guidance suggests that the Accounting Officer is not a member of the Audit Committee, but should normally attend the Committee's meetings.	The Accounting Officer will be invited to all meetings in future.	Finance Director	30 April 2005	
The criteria for assessment used to appoint the Chairman are not formalised. The Audit Committee should formalise these criteria, which should include chairing experience and time commitment.	Agreed. Detail will be discussed with President.	Finance Director	30 June 2005	
Similarly, the Executive should consider what range of skills and experience the non-executives bring to the Audit Committee and this process should be formalised.	Agreed.	Chief Executive	30 June 2005	

NAO NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
The Executive could review Audit Committee members' performance. An annual performance management framework could be developed.	Every Council member's performance is assessed at least annually by the President.	President	Ongoing	
The Audit Committee may wish to occasionally benchmark itself against other Committees.	Agreed	Finance Director	By 31 March 2006	
The Executive and the Audit Committee should determine the skills needs, review the current skills of the Audit Committee and identify whether there is a skills gap. Collective skills should include recent and relevant financial experience, business management, risk management and internal control, legal and human resource and quality procedures. The criteria for assessment should be formalised.	Agreed	Finance Director	31 December 2005	
The Committee should assess its performance annually and determine areas where it would appreciate additional support.	Agreed	Finance Director	31 March 2006	
There is no formal induction procedure for new members of the Audit Committee. The Audit Committee should consider instigating a formal process to do so.	Agreed.	Finance Director	31 July 2005	

NAO
NATIONAL AUDIT OFFICE

Recommendation	Management Response	Ownership	Target Date	Progress
There should be an induction process, including a checklist, for new non-executives (Audit Committee members and others).	Agreed	Finance Director	31 July 2005	
As part of self-assessment, the Audit Committee should make recommendations to the Executive on its training needs, both now and in the future. This process will be particularly relevant given the forthcoming changes in committee membership, and should be formalised	Agreed	Finance Director	31 July 2005	

Health Professions Council
Internal Audit Report – Final
Human Resources

March 2005

|BDO
BDO Stoy Hayward

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

An examination of the Human Resources systems has recently been completed, which resulted in 13 recommendations, 5 of which are regarded as fundamental.

All results obtained have been discussed with the management of the department and their views and comments are incorporated in any recommendations made.

2. ASSESSMENT OF KEY CONTROLS

Overall Assessment	**Controls appear deficient**

3. SCOPE OF THE REPORT

We recognise that internal controls exist to ensure that processes act to meet the systems objectives. The areas of the internal control system reviewed for the Health Professions Council, within this assignment, were:

- Recruitment / induction
- Training / Staff development
- Absence control (annual leave / sickness monitoring / maternity / other)
- Equal Opportunities
- Leaving procedures
- Disciplinary and grievance procedures
- Appraisals
- Security and confidentiality of information
- Amendments

Our findings are stated in Section 5 of this report.

4. TIMING OF THE REPORT

Auditor: Sonia Nutan

Date work performed: 31 January 2005 – 4 February 2005

Date first draft report issued: 9 March 2005

Date final report issued: 18 March 2005

ABC

5. ACTION PLAN

Key to Level of Importance   ▲ Fundamental   ■ Significant   ● Merits Attention

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
1.	**Recruitment of Employees** Review of 14 new employees during the current financial year found the following: ● For 3 of the 14 cases reviewed, a recruitment authorisation form was not held.	A file checklist should be prepared detailing all relevant forms required for each employee file. This checklist should be signed by a member of the Human Resources Department when completed.	▲	Agreed. A checklist has been designed based on a proforma from the Employment Lawyers and actioned for all new employees commencing after 14th March 2005.	Human Resources Manager
	● In 3 out of 14 cases selected, only 1 reference was obtained and in 2 cases, no references were held in the employees' files. ● For 5 out of 14 cases reviewed, no evidence of an employee induction was retained on file. ● In 3 out of 14 cases reviewed, interview notes were not retained and there was no evidence of the assessment made on the suitability of the candidate employed.	Personnel files for the new starters during the current financial year should be reviewed and missing documentation obtained where practical.		Partially Agreed. Note that it is not practical to obtain recruitment references, authorisation forms, and interview notes retrospectively. Induction forms will now not be relevant for those who have been here for some months. However it will be possible to obtain proof of ability to work in the UK for all employees.	Human Resources Manager

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
2.	**Evidence of Entitlement to Work in UK** Review of employee files found that in 7 out of 15 cases there was no evidence of the employees' entitlement to work in the UK.	Adequate evidence of entitlement to work within the U.K should be obtained for all new members of staff and a copy of such evidence should be retained on file.	▲	Agreed. Actioned for all new employees effective 10th March 2005. Retrospective checks for current employees will be completed by 30th April 2005.	Human Resources Manager
3.	**Long Term Sickness** The monitoring of employees on long term sickness has been delegated to Line Managers. Review of 5 employees with high levels of absence found evidence of monitoring carried out was not retained within employees' personal files.	Documentation detailing the monitoring of employees on long term absence should be maintained within their personal file. In line with the Absence policy this should include evidence of the following: • Review meetings held with the employee to determine progress. • Referrals made to an Occupational Health doctor for a second opinion.	▲	Agreed. Will be actioned by 30th April 2005 for all future referrals. However, note that sick leave is managed by individual Departments. The only documentation to be placed on personnel files is copies of referrals to Occupational Health Doctors and subsequent review meetings.	Human Resources Manager

ABC

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
		Return to work meetings held with the employee.			
4.	**Approval of Partners**				
	It was noted that there is no written documentation evidencing approval to recruit new partners.	A standard form should be introduced to evidence the justification and approval to recruit new partners.	▲	Agreed. Partner recruitment form has been designed and is stored on the intranet under HR Forms. Signing off procedure is also included in these forms from Dept. Manager, Finance and the Chief Executive & Registrar.	HR Partner Manager
5.	**Leaving Procedures**				
	It was noted that there was no evidence of checks undertaken to ensure all appropriate information had been obtained and equipment returned prior to the employee's leaving date.

Although an exit questionnaire is completed by staff on a voluntary basis, employees are not offered the opportunity to discuss their reasons for leaving. | A leavers checklist should be introduced to ensure that information such as outstanding holidays, outstanding loans and the return of equipment have been checked prior to the employee's leaving date.

Employees should also be offered the option of an exit interview with the Human Resources department. | ▲ | Agreed. Work ongoing – on HR Project Plan to be completed by 30th March 2005. | Human Resources Manager |

ABC

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
6.	**Amendments to HR Records** Testing of changes made to HR records found in 1 of the 10 cases reviewed the employee had been promoted; however the change in salary had not been recorded on the HR system. The HR system reflected the employee's previous salary details. The correct details had been forwarded to the Payroll department. However, it was noted that documents are not evidenced to confirm input onto the HR system.	All documentation authorising amendments to an employee's record on the HR system should be signed or initialled by the relevant member of staff as evidence of input into the HR system.	🟧	Agreed. This is on the HR Project Plan to be completed by 30th September 2005.	Human Resources Team Administrator
7.	**Temporary Staff** It was noted that there is no monitoring carried out of the end dates of employees on short term contracts. Discussions with the HR Advisor revealed that the HR system could allow monitoring of contract end dates.	All employees with temporary contracts should be identified. The facilities of the HR system should be investigated and fully utilised to ensure that where an employee's contract end date is approaching, it is 'flagged' on system.	🟧	Agreed. This has already been actioned and completed with the "Diary Rules" prompt on the HR System.	Human Resources Manager and Human Resources Team Administrator

ABC

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
8.	**Staff Appraisals** A performance management policy is in place which gives guidance on monitoring employees' performance. The responsibility of ensuring all staff have received an annual appraisal has been delegated to Line Managers. However, there is no monitoring carried out to verify that all staff have received an annual appraisal.	To ensure that all staff have received an annual appraisal, a delegated Officer independent from the appraisal process should be given responsibility for monitoring the completion of staff appraisals.	■	Agreed. Larissa Foster to be the delegated Officer. This to be implemented by 30th April 2005.	Human Resources Manager
9.	**Probation Period** Discussions with the HR Advisor and review of employee files, revealed that there are no procedures in place to inform employees and relevant department managers of probationary period end dates.	Probation period end dates should be 'logged' onto the HR system and monitored by the HR staff. A standard letter recognising an employee's completion of probation period should be introduced and form part of HR procedures.	■	Agreed and Actioned. Probationary dates now entered into HR Team Administrator's Diary so that Manager is advised 2 weeks before the probation date ends, and the "Diary Rules" prompt has also been set up as a double check. A probationary process, pro	Human Resources Manager

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
				forma probationary evaluation form, and three standard letters have been created, and are being used.	
10.	**Educational Sponsorship** The Human Resources Director stated that there is no monitoring of employees who have been sponsored to study for professional qualifications. It was noted that there are 2 employees, who are being sponsored, however there is no written approval of the sponsorship.	All sponsored employees should be identified and recorded within HR training records. Approval of educational sponsorship should be formally documented.	🟧	Agreed. This to be actioned by 30th May 2005.	Human Resources Manager
11.	**Staff Training and Development** Review of staff training records found that during the year 2004/05, there had only been limited training offered to staff. Further discussions with the HR Director revealed that there is no structured training provided to staff.	Training needs within the organisation should be identified through the performance management procedures. In accordance with the policy on staff training, staff should be encouraged to undertake training courses where a skills gap has been	🟧	Agreed. This is on the HR Project Plan to be actioned within 6 months (by 30th September 2005).	Human Resources Manager

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
		identified and to ensure that they are up to date with latest developments.			
12.	**Absence – Sickness Records**				
	The HR department maintains a spreadsheet detailing all employee absence relating to sickness. In 4 out of 10 cases reviewed, the dates of absence had been incorrectly recorded on the spreadsheet. In 1 case, a self certificate form for the absence had not been obtained.	Absence details should be recorded onto the HR system. Facilities of the HR system should be investigated in order to generate reports on absence. The absence reports generated should then be checked against supporting documentation to confirm accuracy.	🟧	Agreed and partially completed. Sick leave is now directly entered onto the HR System and reports can be generated. A process for circulating these and checking these report is currently being developed and will be in place by 30th June 2005.	Human Resources Manager and Human Resources Team Administrator
13.	**Recruitment of Partners**				
	The Health Professions Council has recruited partners to provide expertise where a professional opinion is required. The partners are only paid where a service is provided. At present, 512 partners have been recruited by the	A review should be carried out to identify the utilisation rates of partners. A shared database of partners. A shared database should be set up which allows the various departments access to partner details. This will	🟧	Partially Agreed. Currently working with departments to identify methods of monitoring utilisation of Partners. All departments have different needs from a	HR Partner Manager

ABC

Ref.	Finding	Recommendation	Level of Importance	Management Response	Responsibility of
	Council. There are no procedures in place to identify the usage levels of the partners employed.	help to inform staff of partners' availability, location and ability to carry out the work required. Thus, reducing administration costs of finding new partners unnecessarily.		database and it is difficult to design one to suit all purposes. IT currently working on ways to 'link' databases. The HR Manager is meeting with all Department Heads monthly to discuss the how we could manage shared information and has given a list of factors to be considered to IT. This is a long-term project.	

6.   OBSERVATIONS

- Testing of recruitment procedures found that offer letters are not sent to successful applicants. The offer is made verbally and a contract of employment is issued.

- It was noted that the HR system was purchased in August 2004 and data is being input onto the system. At the time of the audit, staff training records and sickness records had not yet been recorded onto the HR system.

- It was noted that there is no listing maintained by the HR department detailing new employees recruited or employees who have left the organisation. Without such a listing there is no audit trail of employees recruited by HR and subsequent information forwarded to payroll. However, this issue was being addressed (following the introduction of the HR system) at the time of the audit.

Appendix 1

DATE OF AUDIT AND STAFF INTERVIEWED

1.1	Audited by:		Date:
	Sonia Nutan		31 January 2005 – 4 January 2005

1.2	Ruth Bacon	-	Quality Assurance Manager
	Paul Baker	-	Finance Director
	Manj Cheema	-	Financial Accountant
	Sarah Dawson	-	Manager, International Registration / Grandparenting
	Jessica Dixon	-	HR Team Administrator
	Larissa Foster	-	HR Advisor
	Claire Harkin	-	Manager, UK Registration
	Elizabeth McKell	-	HR Partner Manager
	Marc Seale	-	Chief Executive and Registrar
	Denise Thompson	-	Human Resources Director

INTERNAL AUDIT WORK PERFORMED

2.1 Identify a range of systems and establish appropriate criteria to determine whether controls are adequate and assist in achieving the systems objectives. In doing this we:

- identify the system parameters

- determine control objectives

- identify expected controls to meet those objectives

- review the system against the expected controls

- appraise the actual controls against the control objectives

- test the actual controls for effectiveness against control objectives

- test the operation of the controls in practice

Recruitment and Induction

2.2 The recruitment policy and procedures were discussed with the Human Resources (HR) Director. 14 new employees during the current financial year were selected from the information sent to payroll and the following was checked:

- A recruitment authorisation form had been completed and retained on file.

- The recruitment authorisation form was signed as authorised by the Finance Director, Chief Executive and the HR Director.

- A job description and a person specification had been prepared.

- An application form had been completed by the applicant.

- The interview panel consisted of more than 1 member of staff.

- Interview notes were retained.

- The assessment made after the interview stage was recorded.

- A contract letter was signed on the behalf of the Health Professions Council and issued within 8 weeks of the commencement of employment.

- Terms and conditions of employment had been signed by the employee.

- 2 references had been obtained.

- Evidence of the employee's entitlement to work in the UK was retained on file.

- The new employee details had been correctly recorded onto the HR database (Info support).

- The employee had attended an induction course.

- An equal opportunities monitoring form had been completed.

- The contracted pay agreed to the first month's salary recorded on the payroll system.

Amendments

2.3   Amendments to employee records were discussed with the HR Director. 10 amendments to employee records were selected from the information sent to payroll and the following was checked:

- The amendment had been correctly recorded on the HR system.

- There was supporting documentation authorising the amendment.

- The amendment had been correctly recorded on the payroll system.

Leaving Procedures

2.4   9 employees who have left during the current financial year were selected from the information sent to Payroll and the following was checked:

- The leaving date had been correctly recorded onto the HR system.

- A resignation letter had been submitted by the employee.

- An acknowledgement had been sent to the employee.

Staff Appraisals

2.5   The procedures for completing staff appraisals were discussed with the HR Director. 2 departments (International Registration and Registration UK) were selected and it was checked that the department Managers were aware of annual appraisal procedures.

2.6   5 staff members were selected from International Registration and Registration UK (10 in total) and the following was checked:

- An annual appraisal was carried out.

- The appraisal documentation was completed.

- The performance management worksheets had been signed by the staff member and the Line Manager.

Disciplinary and Grievance procedures

2.7 The employee handbook was reviewed to ensure disciplinary and grievance procedures were detailed.

2.8 It was confirmed with the HR Director that there had been no grievances reported by staff during the current financial year.

2.9 The disciplinary action currently taking place against a member of staff was reviewed and it was checked that the disciplinary procedure detailed within the employee handbook had been adhered to.

Absence Control

2.10 2 members of staff currently on maternity leave were selected and the following was checked that:

- The HR department had been notified by the employee of the intention to take maternity pay.

- An acknowledgement had been sent to the employee.

- A MATB1 certificate was held in the employee's personnel file.

2.11 The monitoring of staff absence due to sickness was discussed with the HR Team Administrator. 15 staff members were selected from the spreadsheet maintained by the HR department of staff absence and the following was checked:

- A self certificate form had been completed where the absence was less than 7 days.

- A doctor's note had been obtained where the absence was more than 7 days.

2.12 5 employees with high levels of absence were selected from the absence spreadsheet and the following was checked:

- There was evidence that a review meeting had taken place with the employee.

- A referral to the Occupational Health Doctor had been made, where appropriate.

- There was evidence that a return to work meeting was held, where appropriate.

Staff training and development

2.13 Staff training and development was discussed with the HR Director. 15 training requests were selected and the following was checked:

- A training request form had been completed by the staff member.

- The training request form had been signed as authorised by the Line Manager

Recruitment of HPC Partners

2.14 The recruitment of HPC Partners was discussed with the HR Manager (Business Partner). 3 partners were selected from the records maintained within HR department and the following was checked:

- An application form had been completed by the applicant.

- The application form was sent to an interview panel for assessment.

- Interview notes were retained.

- An assessment was made on the suitability of the applicant.

- 2 references were obtained.

- An offer letter was sent to the successful applicant.

- A partner agreement was held

- The partner agreement had been signed by the partner and on the behalf of HPC.

- The new partner had been approved by the Council members.

- The new partner details were correctly recorded onto the HR system.

Quality Assurance

2.15 The quality audit carried out on the Human Resources department was discussed with the Quality Assurance Manager.