

## Finance and Resources Committee Meeting – 17 March 2010

### Finance Department Work Plan 2010 - 2011

#### Executive summary and recommendations

#### **Introduction**

The attached document is the Finance Department's proposed work plan for 2010-2011. It details the department's main areas of work and priorities for the financial year April 2010 to March 2011.

#### **Decision**

The Committee is asked to discuss the work plan and agree the contents.

#### **Background information**

This document is intended to supplement the Council's strategic intent document and sits alongside other departmental level strategy and work plan documents.

#### **Resource implications**

The resource implications are detailed in the attached work plan and based on the assumptions which are already part of the HPC budget 2010- 2011.

#### **Financial implications**

The financial implications in the attached work plan are based on the assumptions which are already part of the HPC budget 2010- 2011.

#### **Appendices**

Appendix One – Finance department work plan 2010 – 2011

Appendix Two – Finance department risks

#### **Date of paper**

5 March 2010

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## **Introduction**

### ***The Finance department***

The Finance department's main responsibilities are:

- To monitor the financial well-being of the HPC and advise the Council and Committees of the need for adjustments to the business plan and strategy in a timely manner,
- To produce the statutory financial statements and the financial sections of the HPC Annual Report,
- To produce the monthly management accounts,
- To provide financial forecasting and analysis to support the Council and Committees in developing strategy and policy,
- To maintain good internal financial control and risk management including compliance with the HPC Financial Regulations,
- To manage the payroll/pensions process and arrange supplier payments,
- To collect fee income and ensure the Netregulate Registration System records are accurately updated for financial transactions,
- To manage the relationship with key external suppliers; the HPC's bankers, internal auditors, external auditors, financial software providers, HMRC, building valuers, investment fund managers and pension scheme providers,
- To provide procurement guidance including; tenders, supplier analysis, supplier credit ratings, supplier spend and supplier record management (Lotus Notes supplier database).
- To deliver Finance projects to enable process improvement and enhance risk management.

### ***This document***

This document aims to set out the work priorities for the financial year April 2010-March 2011 and provide a basis against which the work of the Finance department can be planned and measured.

The work plan outlines details of the operational work and planned projects, given the resources, service standards and process deadlines. The Finance department aims to be both proactive and reactive in its work. The reactive element arises as a result of changes in the external environment which impact the department directly or indirectly in the form of support to other departments. For example, changes in government legislation and changes to the onboarding timetable for new professions, the timing of which is difficult to predict.

### **Priorities 2010-2011**

A key priority for the Finance department is effective day-to-day management of the main operational processes. Key goals are; policy compliance, service consistency, accuracy, process efficiency and timely completion of the process (to deadlines).

A second key priority is effective management of the supporting activities. These activities typically include utilising external expertise to provide timely advice and diversify risk. Examples include; Ensuring compliance to IFRS and FReM, managing money market and investment funds, closing old pension schemes, updating the Fees Order legislation for fee changes and developing procurement documentation.

A third key priority is the effective delivery of projects. Finance department employees are involved in managing finance projects, completing project tasks and providing support (typically in the design and testing aspects) for some projects run by other departments. All finance projects involve assistance from at least two other departments i.e. the IT department and Operations Office (project management assistance). Some projects involve using external parties. For example, software development and/or providing legal expertise.

From a stakeholder perspective, key stakeholders for the department include; Registrants (Fee rises and Netregulate financial transaction queries), the Council and it's Committees - particularly the Finance & Resources Committee and Audit Committee, the Executive Management Team, budget holders, HPC employees and suppliers.

### **Resources**

The 2010-2011 Finance department budget and work plan involve utilising a team of eight full time Finance employees. The current eight roles are: Director of Finance, Financial Controller, Management Accountant, Financial Accountant, Finance Officer, Purchase Ledger Officer, Transaction Manager and Transaction Officer.

As part of a review of the working arrangements within the Finance department there is a planned re-organisation within the department.

Regarding financial resources, the work plan assumes a Finance department operating cost budget for 2010-2011 of approximately £647k.

External resources (temporary employees) are used to provide person cover (for annual and sick leave) on key processes. Aspects of some Finance projects and Finance supporting activities are performed by external suppliers, as outlined above.

## **Risk Management & Business Continuity Planning**

The Finance department manages a range of ongoing HPC risks using various risk mitigations. The risks can be grouped under six broad themes as follows:

### **Financial accuracy**

For example, risks associated with financial reporting, ensuring tax legislation compliance and obtaining an unqualified audit opinion on the financial statements (year end statutory reporting and annual report process).

### **Cost control**

For example, risks associated with large capital project cost over runs or an unexpected rise in operating expenses.

### **Asset value protection**

For example, risks associated with the value of bank deposits and investment funds.

### **Financial liquidity**

For example, risks associated with insufficient cash available to meet commitments.

### **Financial solvency**

For example, risks associated with implementing fee rises (Fee rise project) and collecting fee income from registrants.

### **Financial service provision**

For example, risks associated with financial distress of HPC suppliers (impacting HPC processes and projects) and inability to pay creditors.

The disaster recovery site at Uxbridge has been set up to provide alternative physical premises. Periodically a business continuity exercise is carried out which tests each department's ability to ensure service provision. Other mitigations are also in place including; financial procedure documentation, person cover, daily data backups, offsite record archiving, storing financial stationery and equipment at the Uxbridge site.

See also Appendix Two for how Finance processes relate to the risks outlined in the Risk Register.

# Main Operational Processes

There are six main processes which generate the bulk of the Finance department's work throughout the year. The processes are; the year end statutory reporting & annual report process, the monthly reporting process, the payroll/pensions process, the supplier payment process, the forecasting & budgeting process and the transaction management process. The following paragraphs provide further detail on these processes.

## 1. Year end statutory reporting and annual report process

Production of year end financial statements is performed during the period April to July inclusive, in accordance with International Financial Reporting Standards (IFRS) and the Government Financial Reporting Manual (FReM), published by H.M. Treasury. The management commentary, audit reports, statement of internal control, financial statements, accounting policies and notes to the accounts are included in the Annual Report.

The Annual Report is produced jointly by the Communications department, Secretariat and Finance departments, with input from a number of contributors. After the Annual Report has been audited by HPC's external auditors, the National Audit Office<sup>1</sup>, it is submitted for approval to the Finance & Resources Committee, Audit Committee and Council and then tabled in Parliament. Once approved by Parliament, the Annual Report is published and made generally accessible.

## 2. Monthly reporting process

The year to date management accounts and variance commentary are produced by the Finance department, reviewed by budget holders and EMT and submitted to the Finance & Resources Committee to note progress against budget. The management accounts report departmental and project spending (opex and capex) against budget to highlight year to date income and spending, balance sheet, cash flow statement and significant deviations from budget. At stages throughout the year, re-forecasts are undertaken to establish any changes to the year end position compared to the original budget.

## 3. Payroll and pensions administration process

Employee payroll and pension contribution payments are processed on a monthly basis by the Finance and HR departments. Finance processing includes updating the Payroll system for new starters, leavers, overtime and salary changes, issuing payslips, making tax & NI deductions & payments and making salary payments using Natwest Autopay facility. There are 147 budgeted permanent employees and currently 61 pension scheme members. Category one<sup>2</sup> Council and Committee members payroll processing is also performed once a month and is processed separately from the employee payroll.

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<sup>1</sup> The latest HPC s60 Order enables the Controller & Auditor General (C&AG) to act as HPC's statutory auditor and the certification & oversight roles outlined under the 2001 HPC Order.

<sup>2</sup> Council and Committee members who declare themselves to be HPC office holders and are not self-employed.

#### **4. Supplier payment process**

Supplier pay runs for approved suppliers are performed every two weeks by the Finance department, with employee expense claims processed on a weekly basis. There are four types of supplier payments; trade supplier payments, employee expense claims, category two<sup>3</sup> Council & Committee member payments and partner payments. One off supplier payments are actioned on an ongoing basis.

#### **5. Forecasting and budgeting process**

Each year, the Finance department works with all other departments to compile forecasts and the annual budget.

The most significant forecast is the Five Year Plan which links to the Strategic Intent document in quantifying key assumptions, financial projections of income & cost by department, the capital expenditure plan and cash flow projections. It includes headcount projections by department, registrant & applicant volumes by profession including new professions. It also includes registrant and applicant volumes by type (International, UK Graduate Registrants etc).

A benefit in updating the Five Year Plan is in identifying changes in cost structure as background for future fee-setting.

The income model within the Five Year Plan identifies accrued income by profession and fee type. A key component of the Income Model is registrant and applicant volume-forecasting.

The six and nine month forecasts are high level forecasts prepared in October and January respectively, to forecast the year end income and expenditure result.

Finally, the Annual Budget process. It involves all departmental budget holders, and input from the Operations Office in compiling the project plan. Compilation of the budget by the Finance department runs over the period November to March and involves several review steps. The final steps are to gain approval from Council in March 2009 and to phase the budget by month.

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<sup>3</sup> Council and Committee Members who declare themselves to be principally employed by another employer and are not self-employed.

## **6. Transaction management process**

A key aspect of the Netregulate Register is maintaining the accuracy of the Sales and Debtor's Ledgers within Netregulate. Each month, the Finance dept extracts and summarises the detail from Netregulate for financial reporting purposes.

At renewal, fee charges are automatically put on Registrant records, with the Registrations and Finance departments jointly collecting the income (direct debit, cheque and credit card payment). Updating the billing records in Netregulate for DD collections is done using payment reports downloaded from BACS. The Finance department reconciles the streamline report (credit card receipts) to bank statement details & the SAGE cashbook on a daily basis and arranges the daily banking of cheques received.

Rejections arise when the HPC receives notice from the registrant's bank that their direct debit mandate arrangement has been rejected. Unpaid registrations are followed up with reminder to pay letters (using mail merge and form letters) sent out to registrants within ten days of receiving the bank notification. Three weeks grace is then given to respond, a final letter sent out (with a further 2 weeks grace period) and the registrant then lapsed as a final resort.

Refunds<sup>4</sup> of fee overpayments and collection of outstanding debtor balances (failed direct debit arrangements) is an ongoing process performed by the Finance department.

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<sup>4</sup> Refunds arise from voluntary removal from the register, registrants being lapsed but having a credit on their account, or registrants making an overpayment.



## Supporting activities

There are five main supporting activities that contribute to the Finance department's workload during the year. The closing down the legacy pension schemes should be completed in 2010-2011. The other activities will be ongoing beyond the 2010-2011 financial year. The supporting activities are as follows:

### **1. IFRS reporting**

In accordance with H.M Treasury FReM reporting requirements, the HPC has moved to full reporting under International Financial Reporting Standards (IFRS) for the year ending 31 March 2010 onwards. The main changes from the previous method is twofold. Firstly, adjustments to some financial numbers and secondly, relabeling of some items in the financial statements, with modified notes to the accounts.

### **2. Cash and investments management**

The HPC has money market investments with an approximate value of £5M. This is essentially registrant income received in advance (deferred income balances) and are placed with several mainstream UK financial institutions. Further investment funds with a market value of approximately £1.9M are managed by Rensburg Sheppards, professional funds managers in a diversified investment portfolio. Sufficient funds are also held in a Natwest Business Reserve account to meet short term working capital needs e.g. payment runs.

### **3. Legacy pension scheme administration**

The HPC has two legacy pension schemes, the CPSM scheme which closed in 1995 and the Capita Flexiplan scheme. Active employee contributors elected to migrate from the Capita Flexiplan scheme in May 2007 to the current Friends Provident scheme. Currently there are 61 members in the Friends Provident scheme. The CPSM scheme is expected to be closed down completely in the early part of 2010-2011 financial year. Steps are also in progress to close down the Flexiplan scheme. The work plan implications for the Finance department largely involve monitoring progress of the professional trustee for winding up the Flexiplan. The HPC will need to seek & act on pension scheme legal advice regarding closing the Flexiplan scheme, as appropriate.

### **4. Procurement guidance**

To date, procurement of goods and services from suppliers has been performed by HPC budget holders and project leads. Procurement includes tendering and managing the supplier relationship e.g. agreeing trading terms and conditions, updating prices, doing service level agreement reviews etc. The work plan implications for the Finance department are in approving/declining new preferred supplier applications to be set up in the Lotus Notes database<sup>5</sup>, running credit checks on new suppliers, reporting on annual spend by supplier, providing procurement guidance notes to new users, updating the tendering policy & procurement procedures.

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<sup>5</sup> An HPC database holding centralised supplier records including; supplier contact details, price lists, supplier contract details and data protection agreements, as appropriate.

## **5. Committee work**

In 2010-2011, the Finance department will continue to prepare and present briefing papers to various Committees on a variety of financial issues. The Committees receiving the greatest number of papers from the department include the Finance & Resources Committee and Audit Committee. The Remuneration Committee, Education & Training Committee and Council also receive briefing papers (papers requiring a decision, or papers to note). Key papers typically include; the remuneration rise paper, the annual budget, the Annual Report & yearly financial statements, the Five Year Plan, audit findings reports, expense and allowance fee changes and fee rise papers.

## **Projects**

The Finance department has a key role to play in implementing several HPC projects during 2010-2011. The project to determine a fee rise in April 2011 will commence during 2010. Further SAGE enhancements will streamline the monthly reporting process. In addition, Finance people resources may be involved in aspects of project design and testing for other department's projects.

### ***Finance Projects and System Enhancements in 2010-2011***

#### **Finance department reorganisation**

As part of the need to continue to evolve there is a planned reorganisation for the Finance department in 2010-11. The aim of this is to:

- Provide a more effective, efficient and professional service to our stakeholders.
- Develop finance staff and broaden their experience within the organisation.
- Enable finance staff to provide cover for other roles within the department.
- Provide relevant experience for those members of the finance team who are studying for professional accounting qualifications.

#### **Fee Rise 2011 project**

HPC is reliant on funding from Registrant and applicant fees to meet its objectives as a UK statutory regulator of health professionals. Following the fee rise in June 2007, a project was launched to increase HPC fees, broadly in line with inflation from 1 April 2009. The intention is to review fee levels every two years and propose suitable adjustments, after considering stakeholder consultation feedback and forecast changes in the HPC cost structure. To elaborate, changes in the cost structure are influenced heavily by fitness to practise costs and changes in registrant and applicant volumes over time. As additional services are progressively provided, e.g. revalidations, these incur start up and ongoing costs, which also need to be funded from HPC income.

The fee change project involves input from a number of departments including Finance, Communications, Registrations, Operations Office, IT, Policy & Standards and the Secretariat.

#### **Credit / Debit Card Outsourcing**

PCI card payment companies have joined forces to create the Payment Card Industry Data Security Standard (PCI DSS) with the aim of safeguarding sensitive card data.

At HPC Credit/ Debit Card details are taken over the phone when a registrant wishes to make a payment to renew their membership or register for the first time.

The card payment companies require such information to be processed in compliance with the PCI DSS code.

There have been recent changes to the code which requires HPC to change the method used to process these transactions. This project aims to take professional advice on the options open to the

organisation to be compliant with the revised code and to make appropriate changes to procedures & processes.

## **System Enhancements**

### **Purchase Requisition System (PRS)**

In preparation for a major project planned in 2011-12, the finance department will undertake a project to investigate how PRS can be put to better use by the organisation. There are a number of other customers who have had a very good experience in implementing the PRS product. It is planned that the finance department will find out from other departments in HPC what issues are causing difficulties with the current system. Based on this research visits are planned to other PRS customers to see what they have done to overcome these issues.

### **SAGE Accounting system improvements**

#### **Income download reporting**

Automate the monthly income record transfer (fee transaction records summarised by profession and fee type) from Netregulate into the SAGE financial system. This is a customised modification, with time savings for the monthly reporting process.

#### **Bank Statements**

Line details on Nat West bank statements are manually keyed into the cash book in Sage. There is functionality in Sage to import this directly in the cash book provided that the correct electronic file is available from the bank. Working with our service provider we need to establish if this can be automated as this will provide a more efficient process.

#### **Link between Lotus Notes and Sage purchase ledger**

Automate the current process where new supplier's details entered in the Lotus Notes database are automatically recorded in Sage accounting package.

#### **Supplier Due Dates**

Update supplier due date records to enable more accurate reporting of late payment to our suppliers and identify reasons where supplier invoices are held.

### ***Year Two projects and system enhancements (2011–2012)***

The following are some projects and system enhancements proposed for year two, subject to budget approval. In addition, members of the finance team may be involved in aspects of project design and testing for other department's projects.

Note that further work needs to be done to investigate and evaluate the most appropriate project designs closer to the time, taking into account vendor software improvements made in the interim that would benefit HPC.

### **Netregulate billing transactions**

Redesign details of how fee charges and payments are applied to registrant accounts, so becomes easier for Netregulate users to interpret the transaction history.

### **System enhancements**

#### **PRS enhancement**

Introduce updated version of PRS across the organisation which is expected to offer additional functionality over the present version. These improvements include: ability for budget holders to see an electronic version of the supplier's invoice and real time commitment reports to help manage budgets better.

#### **Email access/Communications Log enhancement**

Email directly from Netregulate and store a communications log. This will allow information on registrant account statuses to be held in one central place and enable faster emailing directly from Netregulate.

#### **Netregulate rejections enhancement**

Change the date notation in Netregulate to the date the direct debit, cheque or credit card transaction is rejected, not the date when the payment or charge was applied.

#### **Netregulate multiple batches enhancement**

Modify Netregulate to allow multiple batches (from multiple registrant advisors) to be matched to a single pay in slip, to streamline cashbook reporting.

### ***Year Three projects (2012-2013)***

The following list of projects are proposed for year three, subject to budget approval. In addition, members of the finance team may be involved in aspects of project design and testing for other department's projects.

- Implementation of fully automated linked purchase order to supplier databases for high volume items e.g. stationery.
- Fee Rise 2013 project
- Implement an automated costing system (activity costing) linked to the SAGE financial system.
- Integrating Sage to non financial records to assist in better resource planning.
- Investigate the benefit of migrating the fixed assets register from a spreadsheet file to the fixed assets module of the SAGE system.

### ***Equality and Diversity Impact Assessment Statement***

Aspects of the work highlighted above will have an impact on equality and diversity at the HPC. To elaborate,

- During the consultation phase of the Fees Project 2011, we will consider the equality and diversity implications of the HPC's existing fees and any proposed new fees, drawing on the existing data we hold.

## **Appendix Two – Finance department risks**

Appendix Two attached provides details on the risks managed by the Finance department during 2010-2011 that relate to the work plan. They have been grouped under the relevant Finance processes as outlined in the work plan.

They have also been identified under five broad themes of: financial solvency, financial liquidity, financial accuracy, asset value protection and financial service provision.

**HPC RISK MATRIX**

IMPACT ↑	Catastrophic 5	5	10	15	20	25
	Significant 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Minor 2	2	4	6	8	10
	Insignificant 1	1	2	3	4	5
	Negligible 1	Rare 2	Unlikely 3	Possible 4	Probable 5	
			↓			
			LIKELIHOOD			

Key	>11	High Risk: Urgent action required
	6 - 10	Medium Risk: Some action required
	<5	Low Risk: ongoing monitoring required



Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2010	Likelihood before mitigations February 2010	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2010	RISK score after Mitigation September 2009
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### Year End statutory reporting and annual report process

Financial Accuracy	15.14	Non compliance with FReM reporting	Finance Director	3	1	3	Periodic reviews of HM Treasury and NAO information updates. Technical updates from CA firms. Clarifications sought, as required.	Employee training	Auditor early in Annual Report preparation process.	Low	Low
Financial Accuracy	15.15	Qualified opinion received by the Auditors on the Statutory Financial Statements	Finance Director	5	1	5	Tinily accrual postings supported by source documentation. Internal control compliance (regularity of spending). Audit findings compliance.	FReM compliance & timely expert valuations eg investments, land and buildings	Reliable financial systems. Income & Expense and Statement of Financial Position Reconciliation's. Matching Sage TB to Mgt Accs & Mgt Accs to Statutory Financial Statements	Low	Low
Financial Accuracy	15.16	Late submission of the Annual Report, beyond sector standards	Secretary to Council	3	1	3	Upfront agreement on the Year End and Annual Report reporting process dates	Process management	-	Low	Low
Financial Accuracy	16.1	Under-funded pension liabilities (CPSM Retirement Benefits Scheme)	Finance Director	2	5	10	If an employer shortfall crystallises, finance the HPC liability from money market deposits, or from £1.4M of managed funds. Scheme assets are under Scottish Life professional funds management involving diversification until conversion into beneficiary annuities.	Work with the trustees to update the actuarial valuation of the fund to identify whether pension assets will cover pension liabilities. Make financial provisions where a shortfall is indicated generating an employer liability.	Monitor the winding up schedule with the scheme trustees and administrators. Seek specialist pensions legal advice as required	Low	Low
Financial Accuracy	16.2	Non compliance with pensions legislation.	Finance Director	4	2	8	Notional membership by six scheme members to avoid triggering s75 liability before scheme closure	Liaison with with scheme trustees and administrators.	Seek specialist pensions legal advice as required.	Low	Low
Financial Accuracy	16.3	Capita Flexiplan funding liability resulting from scheme valuation deficit	Finance Director	4	4	16	If an employer shortfall crystallises, finance the HPC liability from money market deposits, or from £1.4M of managed funds. Scheme assets are under professional funds management involving diversification until conversion into beneficiary annuities.	Work with the trustees to update the actuarial valuation of the fund to identify whether pension assets will cover pension liabilities. Make a financial provision where a shortfall is indicated and the HPC's portion of the shortfall is subsequently identified	Monitor actions of the Employers' Consultative Group in working with the scheme trustees and administrators to wind up the Flexiplan scheme. Seek specialist pensions legal advice as required.	Low	Low

### Monthly reporting process

Cost control	15.3	Major Project Cost Over-runs	Project Lead/ EMT	4	2	8	Effective project specification including creating decision points. Effective project management and timely project progress reporting (financial and non financial).	Creation of a project capex contingency budget. Project exception reports including revised funding proposal is presented to EMT for approval.	Finance & Resources Committee review of the project spending variances to date	Low	Low
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### Payroll & pensions administration process & supplier payment process

Financial Accuracy	15.18	PAYE/NI compliance	Finance Director	3	2	6	Effective payroll process management. Payroll system tax deductions set up using valid tax codes. Tax provisions made and tax returns filed on a timely basis.	Signed disclosure forms indicating tax category status for all Council and Committee members. Professional tax advice sought, including status of CCM's and partners.	Tax Provisions maintained for legacy PAYE/NI payable relating to Council and Committee members. PAYE Settlement Agreement also being sought from HMRC relating to Category One Council and Committee members.	Low	Low
Asset value protection	15.11	Unauthorised payments to personnel	Finance Director	3	3	9	Effective expense claim and payroll authorisation processes. Segregation of duties.	Regular audits. Whistleblowing policy.	Professional Indemnity & fidelity (fraud) insurance for first £100k of loss	Low	Low
Financial service provision	15.22	Payroll process delay or failure	Finance Director	5	2	10	Agreed monthly payroll process timetable (with slack built in). Person cover for the payroll administrator (system access and documented procedures). If process delayed, payment may be made by CHAPS (same day payment), cash or cheque.	Restoration of overnight backup files for Sage Payroll system (software application and transactions)	Hard copy records held securely. Restricted system access.	Low	Low

### Supplier payment process

Asset value protection	15.13	Mis-signing of cheques (forgery)	Finance Director	4	3	12	Minimal use of manual chqs. Segregation of duties (preparation and signing). Two signatories required on all cheques.	Photocopies of one off supplier cheques held on file. Monthly bank reconciliations. Whistleblowing policy.	Professional Indemnity & fidelity (fraud) insurance for first £100k of loss	Low	Low
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Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2010	Likelihood before mitigations February 2010	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2010	RISK score after Mitigation September 2009
Financial Accuracy	15.19	Corporate Tax compliance	Finance Director	3	1	3	Preparation and filing of the Corporation Tax return (CT600 form) following determination of Corporate tax liability during Annual Report process.	Professional tax advice sought e.g. Corporate Tax Return preparation (including capital allowance claims) and filing.		Low	Low
Asset value protection	15.10	Unauthorised payments to organisations	Finance Director	3	2	6	Requirement for the relevant signed PO's and invoices to support payments to preferred and one off suppliers. Regular audits. Pro-forma invoice register. Segregation of duties.	Maintenance of the approved purchase order and invoice signatory list. PRS PO's have system pre-set approval routes. Regular audits. Whistleblowing policy.	Professional indemnity & fidelity (fraud) insurance for first £100k of loss	Low	Low

### Supplier payment process & Forecasting/Budgeting process

Financial service provision	15.5	Inability to pay creditors	Finance Director	5	2	10	Effective payment process management with regular review of aged creditors listing and supplier statements	Effective cash-flow forecasting. Registrant creditors policy compliance.	Extensive use of preferred suppliers with bank account details and payment terms loaded into Sage.	Low	Low
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### Forecasting & Budgeting process

Cost control	15.2	Unexpected rise in operating expenses	EMT	3	1	3	Budget holder accountability for setting budgets and managing them. Timely monthly reporting and regular budget holder reviews held. Finance & Resources Committee review of the monthly variances year to date.	Six and nine month reforecasts with spending plan revisions as feasible and appropriate.	Legal cost insurance for FTP cases. Capped FTP legal case costs.	Low	Low
Cost control	15.9	Mismatch between Council goals & approved financial budgets	Chief Executive	4	2	8	Close and regular communication between the Executive, Council and its Committees.	Adequate quantification of the budgetary implications of proposed new initiatives	Use of spending prioritisation criteria during the budget process with capex contingency amount held in reserve	Low	Low

### Forecasting/Budgeting process and Transaction Management process

Liquidity	15.1	Insufficient cash to meet commitments	Finance Director	5	1	5	Maintain an appropriate level of cash reserves to meet ongoing needs and comply with the Reserves policy. Effective management of collections and payments processes.	Regular cash forecasts and reviews	Annual and Five Year Plan forecasting of income (volumes & fees) and costs. Fee rises as DoH grant applications as required.	Low	Low
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### Transaction Management process

Solvency	15.6	Inability to collect from debtors	Finance Director	5	2	10	Collection via Direct Debit instruction for approximately 80% of renewal fees value	Registrant debtors policy compliance	Prompt actioning of rejected DD's. Periodic reviews and actioning of Misc Debtors.	Low	Low
Asset value protection	15.7	Registrant Credit Card record fraud/theft	Finance Director	3	1	3	Daily credit card payment reconciliation's in Finance dept - Streamline to Netregulate and Bank records.	Tight procedures to retrieve sensitive paper records from archive, rationalise records kept and retain sensitive current year records with security tagging.	Compliance with credit card record storage standards.	Low	Low
Solvency	15.8	Receipt of fee income as per collection schedule	Finance Director	3	3	9	Netregulate processes & controls in place (charging & receipts) including person cover.	Monthly revenue reconciliation's between Netregulate and SAGE		Low	Low

### Cash and investments management

Asset value protection	15.17	Professional Fund Manager insolvency	Finance Director	2	1	2	Client monies (HPC) contractually separated from fund manager own holdings. Monthly itemised valuations for all investments held, bought and sold.	Periodic credit rating checks of fund manager firms used	Professional indemnity & fidelity (fraud) insurance for first £100k of loss by supplier acting on HPC's behalf.	Low	Low
Asset value protection	15.20	Money market provider insolvency	Finance Director	5	2	10	Funds diversification - money market funds spread across three mainstream UK money market institutions, independently owned with at least an 'AA minus' credit rating.	FSA insurance for proven financial loss of up to £50k of funds held per UK financial institution.	Professional indemnity & fidelity (fraud) insurance for first £100k of loss by supplier acting on HPC's behalf.	Low	Low
Asset value protection	15.4	Loss in value of investment fund portfolio	Finance Director	2	5	10	Professional funds management involving diversification (by asset class, market, sector) and "lower risk side of neutral" investments Page 19	Adherence to the HPC Investments policy. Long run investment view.	Relatively small balances held in the investment portfolio (£1.4M), compared to money market (£5M) and property investments held (£3M). Approx 10% of Annual income value.	Low	Low

Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2010	Likelihood before mitigations February 2010	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2010	RISK score after Mitigation September 2009
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### Procurement guidance

Financial service provision	15.21	Financial distress of trade suppliers causes loss of service	Finance Director	4	4	16	Financial monitoring of key suppliers via Busibody credit assessment	Escrow agreements	Alternative suppliers	Medium	Medium
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### Project management

Solvency	8.1	Fee change processes not operational by April 2011	Finance Director	3	3	9	Project managed as part of major project portfolio.	Project progress monitored by EMT & stakeholders.		Low	Low
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## Glossary & Abbreviations

Term	Meaning
AGM	Annual General Meeting
CDT	Cross Directorate Team (formerly HPC's Middle Management Group)
CHRE	Council for Healthcare Regulatory Excellence
CPD	Continuing Professional Development
EEA	European Economic Area, = European Economic Union, plus Norway, Iceland, plus for our purposes Switzerland
EMT	HPC's Executive Management Team
EU	European Economic Union (formerly known as the "Common Market")
FReM	Financial Reporting Manual
FTP	Fitness to Practise
GP	Grandparenting
HPO	Health Professions Order
HR	Human Resources
HW	Abbreviation for computer hardware
Impact	The result of a particular event, threat or opportunity occurring. Scored between 1 least effect on HPC and 5 maximum effect on HPC.
ISO	International Standards Organisation (the global governing body for the Quality standards used by HPC)
ISO 9001:2000	The Quality Management Standard used by HPC, shortly being migrated to the latest version ISO9001:2008
IT	Information Technology
Likelihood	Used to mean Probability of the event or issue occurring within the next 12 months
MIS	Management Information System
NetRegulate	The bespoke computer application used to manage the application, registration and renewal processes, and publish the online register
OIC	Order in Council
Onboarding	The process of bringing a new profession into statutory regulation from HPC's viewpoint
OPS	Operations
PLG	Professional Liason Group
Print UK	A supplier of printing and insertion/ mailing services to HPC
Probability	Likelihood, chance of occurring. Not the "mathematical" probability. Scored between 1 least likely and 5 most likely to occur within the next year.
QMS	Quality Management System, used to record and publish HPC's agreed management processes
Risk	An uncertain event/s that could occur and have an impact on the achievement of objectives
Risk Score	Likelihood x Impact or Probability x Significance
Significance	Broadly similar to Impact
SSFS	Scheme Specific Funding Standard, a set of standards relating to pensions services
STDS	Standards
SW	Abbreviation for computer software
VPN	Virtual Private Network, a method of securely accessing computer systems via the public internet