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| <b>Audit Committee</b> |
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**Public minutes of the 51<sup>st</sup> meeting of the Audit Committee held on:-**

**Date:** Tuesday 8 September 2015

**Time:** 10:30 am

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

**Present:** Richard Kennett (Chair)  
Julie Parker

**In attendance:**

Claire Amor, Secretary to the Committee  
Elaine Buckley, Chair of Council  
Kayleigh Birtwistle, Quality Compliance Auditor  
Martha Chillingworth, Senior Project Manager  
Stephen Cohen, Council Member  
Roy Dunn, Head of Business Process Improvement  
Sarah Edwards, National Audit Office  
Sara Gammon, National Audit Office  
Andy Gillies, Director of Finance  
Abigail Gorringe, Director of Education  
Steve Hall, Facilities Manager  
Teresa Haskins, Director of Human Resources  
Catherine Hepburn, National Audit Office  
Greg Ross-Sampson, Director of Operations  
Marc Seale, Chief Executive and Registrar  
Richard Swan, Grant Thornton LLP  
Omer Tauqir, Grant Thornton LLP

## **Item 1. Apologies for absence**

- 1.1 There were no apologies for absence.
- 1.2 The Chair informed the Committee that Graham Towl had stepped down from the Committee and that the Council would appoint a new member at their meeting in September 2015.

## **Item 2. Approval of agenda**

- 2.1 The Committee approved the agenda.

## **Item 3. Declarations of members' interests**

- 3.1 No new interest was declared. The Committee noted Julie Parker's standing interest as declared at the Audit Committee meeting on 17 June 2015.

## **Item 4. Minutes of the Audit Committee meeting of 17 June 2015 (report ref: AUD 29/15)**

- 4.1 It was agreed that the public minutes of the 50<sup>th</sup> meeting of the Audit Committee should be confirmed as a true record and signed by the Chair.

## **Item 5. Business Process Improvement report (report ref: AUD 30/15)**

- 5.1 The Committee received a paper from the Executive.
- 5.2 The Committee noted the following points:-
  - the internal audit schedule for 2015-16 is running slightly behind schedule due to internal resource pressures around NMR55 and associated auditing;
  - three NMRs are under investigation at present;
  - the migration of the Quality Management System to an externally hosted system has been terminated due to incompatibility with the HCPC's requirements. A Microsoft SharePoint environment will now be pursued; and
  - work on the electronic business continuity solution is underway. Content of the plan is being reformatted to allow display on the Shadow Planner mobile platform.
- 5.3 The Committee discussed the item on Information Security Management and noted that the training programme has still not covered Council and Committee members.
- 5.4 The Committee noted the report.

## **Item 6. Internal Audit Report – Registration Project (report ref: AUD 31/15)**

- 6.1 The Committee received a paper from the Executive. The paper consisted of an internal audit report into the Registrations Project undertaken by Grant Thornton.
- 6.2 The Committee noted that this internal audit differed from previous reports seen by the Committee, in that it looked forward at the beginning of a project, rather than reviewing performance after completion. It was noted that this had been useful to the Executive and that future reviews will be timed as to support the project timeline.
- 6.3 The Committee noted that Grant Thornton's overall opinion was that the project appears to be well governed and documented, with a high standard of compliance to the HCPC Project Management guide. Appropriate consideration has been given to the nature of costs and risks expected from a project of this kind.
- 6.4 During discussion the following points were noted:-
- the audit found that the project board has suitable representation across the HCPC and the skills needed to ensure effectiveness. Specialist skills have been procured into the project along with training and up-skilling of project members;
  - strong leadership at both project and Executive Management Team level was evident , and trust and transparency with the Council is promoted;
  - the business drivers for change are clearly set out within the project deliverables, however there appear to be inconsistencies in how these are articulated across the project documentation;
  - the audit recommended further challenge and scrutiny on the business requirements in future stages to identify any disproportionate requirements; and
  - a recommended project checkpoint to review cost commitments before contracts are signed has been implemented by the Executive.
- 6.5 The Committee noted that the current project approach is to phase the CPD Proof of Concept, followed by the replacement of the core registration system and then the online applications function. This approach is being followed in order to prioritise quality and risk mitigation over benefits realisation. The audit has recommended that the HCPC may wish to consider a more aggressive implementation plan which would accept a higher level of delivery risk to realise benefits sooner, and that that the lack of comparable cost estimates has constrained the extent to which the HCPC can achieve a higher degree of confidence in the design and build costs.

- 6.6 The Committee noted that the procurement exercise in the next project stage should provide a comparative set of implementation costs from alternative vendors on which to make a more comprehensive investment decision.
- 6.7 The Committee discussed the comparability of the proposed new registrations system with those used by other regulators. It was noted that Microsoft Dynamics is widely used but that each regulator has its own legislation and is required to run its registrations processes in different ways, therefore it would not be possible to fit one system to all regulators. The HCPC is able to achieve cost savings as its legislation applies to 16 professions, enabling the use of one system.
- 6.8 The Committee noted that the cost of the project was comparable with similar projects run by the HCPC and that the project is not a like for like replacement of the system, but rather an enhancement to processes.
- 6.9 The Committee welcomed the proposal that the audit report be included as an appendix in the upcoming Business Case Report to Council.
- 6.10 The Committee noted the report.

#### **Item 7. Review of internal audit recommendations (report ref: AUD 32/15)**

- 7.1 The Committee received a paper for discussion from the Executive
- 7.2 The Committee discussed the Executive's progress in implementing agreed audit recommendations since the last Audit Committee meeting.
- 7.3 The Committee noted the following points:-
- the recommendation on CRB checks for FTP employees has now been cleared. Legal advice has been sought, together with advice from Grant Thornton on what comparable organisations do in this area. CRB checks will continue, with a repeat check every three years;
  - the recommendation on mandatory use of the travel supplier by Partners will be completed following the approval of a revised expense policy by Council in December 2015; and
  - the estimated completion date for the online business continuity platform is March 2016, following a test with EMT. However this activity is part of the projects plan and may be re-prioritised according to business need.
- 7.4 The Committee agreed that it considered recommendations 6.2 and 6.6 from the Facilities Management audit complete.
- 7.5 The Committee discussed and noted the report.

**Item 8. HCPC Accounts Direction (report ref: AUD 33/15)**

- 8.1 The Committee received a paper from the Executive.
- 8.2 The Committee noted that, as discussed at its previous meeting, The NAO's audit completion report included a recommendation that the HCPC should seek a new Accounts Direction from the Privy Council Office, in order to remove any uncertainty as to whether it was expected to follow the Cabinet Office spending controls.
- 8.3 The Committee noted that the new Accounts Direction confirms that the HCPC is not subject to the Cabinet Office spending controls, and that the HCPC should continue to take account of Treasury guidance as a matter of best practice.
- 8.4 The Committee welcomed the clarification and noted the paper.

**Item 9. NAO Audit Completion Report – update (report ref: AUD 34/15)**

- 9.1 The Committee received a paper from the Executive.
- 9.2 The Committee noted that the National Audit Office have issued a revised and final version of the HCPC's audit completion report for 2014-15, including management responses to their recommendations, and a further immaterial uncorrected error which was identified at a late stage of their audit.
- 9.3 The Committee discussed EMT self-certification of expenses. It was noted that self-certification would be used for travel bookings only, and that EMT's reimbursed expenses were still subject to approval by the Chief Executive.
- 9.4 The Committee noted that the NAO audit plan for 2015-16 would be presented at the November Committee meeting. It was also noted that the NAO team would be changing. The Committee thanked Sarah Edwards and Catherine Hepburn for their work on the HCPC's audit.
- 9.5 The Committee noted the paper.

**Item 10. Procurement Policy (report ref: AUD 35/15)**

- 10.1 The Committee received a paper from the Executive.
- 10.2 The Committee noted that the Procurement Policy was last approved by Council in December 2013. The Policy has been updated to align the value thresholds with the updated Financial Regulations and Scheme of Delegation, and to reflect the Public Contracts Regulations 2015.

- 10.3 The Committee noted the revised value thresholds as tabled by the Director of Finance.
- 10.4 The Committee noted the following:-
- the revised policy is supported by a procurement procedures manual;
  - the revision of the policy formalises the use of framework agreements as the preferred route. The HCPC have been following this approach over the past year; and
  - the Committee discussed framework agreements. It was noted that framework agreements are customisable in terms of contract terms and are weighted in favour of public bodies.
- 10.5 The Committee discussed the use of the Chair as signatory in the procurement process. It was agreed that the policy required clarity on whether the Chair was signing on behalf of the Council or as Chair. The Committee agreed that if the intention was to sign on behalf of the Council, then the Council would be required to review proposed agreements. It was noted that in the current process the Chair is not signing on behalf of the Council.
- 10.6 The Committee agreed that the Scheme of Delegation should be discussed at the Council's strategy meeting in October, and that it should be on the public agenda for the formal Council meeting following this.

**ACTION – Director of Council and Committee Services** to include Scheme of Delegation on the Council Agenda in October 2015.

- 10.7 The Committee requested that the composition of selection panels be clarified in terms of Council membership.
- 10.8 Grant Thornton suggested that a formal contract management plan for high value contracts could be implemented as in other public bodies. The Executive agreed to review this.

**ACTION – Director of Finance** to amend and review the Procurement Policy as set out in paragraphs 10.5, 10.6 and 10.7.

- 10.9 The Committee noted the paper and agreed to consider a revised policy at its meeting in November 2015.

**Item 11. Risk Register Update and Risk owner presentations (report ref: AUD 36/15)**

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

- 11.2 The Committee noted that the Risk Register had undergone its regular six monthly review with risk owners and a number of changes had been made.
- 11.3 The Committee noted the following:-
- the risk relating to the PSA fee formula has been replaced with a new risk 15.28 which focuses on future increases to the fee;
  - the likelihood of risk 4.2 has been reduced from 4 to 3;
  - risks relating to registration appeals are still currently listed under Fitness to Practise as the transfer of this function to Registrations is still underway; and
  - whilst the HCPC has achieved ISO27001 certification, risks around information security will remain high in the medium term as the culture imbeds in the organisation.
- 11.4 The Committee discussed the assurance map. It was agreed two areas would be subject to a full assurance map at its next presentation to the Committee.
- 11.5 The Committee noted the following points with regards to the risks owned by the Director of Human Resources :-
- the mitigation of Informal department level succession plans has been added to risk 11.1;
  - the scores of risks 11.2 and 11.3 have been increased due to the current upturn the jobs market, which is more likely to impact on the HCPC's turnover and ability to recruit;
  - the score of risk 11.4 has been reduced due to the increasing size of the HCPC resulting in a breadth and depth of skills;
  - sick leave levels at the HCPC remain relatively low and so risk 11.6 has been reduced;
  - risk 6.2 has been clarified to explicitly relate to Partners; and
  - conduct has been added to risk 6.4.
- 11.6 The Committee noted the following points with regards to the risks owned by the Director of Education :-
- the majority of education providers are now engaging with the Education Department through the monitoring process rather than through visits. Therefore the risk register has been amended to reflect this shift in workload;

- risk 7.2 has been broadened to capture monitoring processes and the likelihood score has increased due to current external pressures on education providers, for example changes to commissioning; and
- risk 7.5 has been amended to reflect the implementation of the new Education IT system.

11.7 The Committee noted the report.

**Item 12. Any other business**

12.1 There was no further public business.

**Item 13. Date & time of next meeting:**

13.1 Thursday 26 November 2015 10.30am

**Chair Richard Kennett**

**Date 26/11/2015**