

Audit and Risk Assurance Committee

Public minutes of the 83rd meeting of the Audit and Risk Assurance Committee held on:-

Date: Wednesday 9 March 2022

Time: 2pm

Venue: MS Teams

Present: Sue Gallone (Chair)
Julie Parker
David Stirling

In attendance:

Ewan Shears, Secretary to the Committee
Claire Amor, Head of Governance
Andrew Smith, Executive Director of Regulation
Naomi Nicholson, Executive Director of Professional Practice and Insight
Anna Raftery, QA Lead
Roy Dunn, Chief Information Security and Risk Officer
Alastair Bridges, Executive Director of Resources and Business Performance
Alan Keshtmand, Head of Finance
Valerie Webster, Council Member
Rebekah Eglinton, Council Member
Kathryn Burton, Haysmacintyre
Bill Mitchell, BDO LLP
William Jennings, BDO LLP
Gareth Roberts, National Audit Office (NAO)

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the 83rd meeting of the Audit and Risk Assurance Committee.

Item 2. Apologies for absence

- 2.1 Apologies were received from Kathryn Foreman and Heeral Davda.
- 2.2 There were no further apologies received.

Item 3. Approval of agenda

- 3.1 The Committee approved the agenda.

Item 4. Declarations of members' interests

- 4.1 No interests were declared.

Item 5. Minutes of the Audit and Risk Assurance Committee meeting of 10 November 2021 (report ref: ARAC 01/22)

- 5.1 The Committee approved the minutes of the meeting of 10 November 2021.

Item 6. Matters arising (report ref: ARAC 01/22)

- 6.1 The Committee noted this item.

Item 7. Strategic Risk Register (report ref: ARAC 01/22)

- 7.1 The Committee received the report from the Executive which included the latest iteration of the Strategic Risk Register (SRR). The paper also proposed changes to the Strategic Risks following one year of monitoring.
- 7.2 The Committee noted that following the change in scores of the risks in the previous iteration, there were no changes in scores this time as the Executive was reserving judgement until corrective action and mitigations put in place have taken effect.

7.3 The Head of Governance highlighted the following in relation to Strategic Risk 1:

- mitigations were in place and processing service standards had returned to expected levels for readmissions and UK applications;
- focus was on international applications service levels. A process review was underway to mitigate a repeat of service issues and a surge-support partner was contracted to process 4.5k international applications; and
- the online applications project had commenced.

7.4 The Head of Governance highlighted the following in relation to Strategic Risk 2:

- a review of SOPs would be presented to Council in March 2022 for approval as per timetable;
- a review of the HCPC's regulatory position on aesthetic/cosmetic practice had been paused as there were other priorities; and
- the recruitment of a Scottish based Professional Liaison (PL) consultant was a positive influence as it would expand the HCPC's prevention engagement reach.

7.5 The Head of Governance highlighted the following in relation to Strategic Risk 3:

- there was an increase in EDI data and good progress made in producing in house data analysis.

7.6 The Head of Governance highlighted the following in relation to Strategic Risk 4:

- the perceptions survey was completed, with a review to be presented to Council in March 2022.

7.7 The Head of Governance highlighted the following in relation to Strategic Risk 5:

- leadership roles were filled which had improved the HCPC's finance and business change capabilities; and
- the HCPC's People Strategy was launched in January 2022.

7.8 The Head of Governance highlighted the following in relation to Strategic Risk 6:

- the progression in regulatory reform was noted in the current risk influencers;
- service issues impacting on registrant experience were being addressed; and
- the “compassionate regulator” workshops had been completed.

- 7.9 In response to a question the Executive assured the Committee that the issue with retention and turnover in senior roles was largely in one directorate area and should not be a long-term issue. Historically this had not been an issue at the HCPC and retention was a key arm of the People Strategy. The Executive noted that investing in people was an important aspect and they would not be complacent about retention.
- 7.10 The Committee were assured that the outsourcing of the international applications to PWC had started well and that a great benefit was the value-add being provided with the constructive challenging of processes, reporting capabilities and communication methods.
- 7.11 In response to a question, the Executive noted that following the approval of the Corporate Plan in March 2022, the milestones for achieving it would be reflected in the updated planned mitigations. The Committee noted the recruitment of the Scottish PL should be included as a mitigation.
- 7.12 The Committee fully supported the broadening of the approach to data excellence rather than viewing a data platform as a solution.
- 7.13 The Committee noted that it had previously been suggested that the resource risk likelihood might be increased from 3 to 4. Now the new risk owner is in place, the score would be refined and would be reflected in the risk moving forward.
- 7.14 The Head of Governance introduced the proposed amendments to the Strategic Risks as set out in appendix 1 of the paper.
- 7.15 The Committee noted that Risks 1 and 2 could be cross-referenced in terms of user experience. The Committee welcomed the focus on the HCPC’s broader ambitions beyond the PSA standards.
- 7.16 In response to a question the Executive noted the importance of benefits to Registrants of multi-profession regulation and the need to respond to the creation of a separate regulator for social workers.
- 7.17 The Committee recommended the proposed changes to the Strategic Risks to Council and noted that the Executive would then review the risks, working up their components.

Data Privacy and Information Governance Deep Dive

7.18 As requested by the Committee, the Chief Information and Security Officer provided a verbal presentation addressing data privacy considerations extracted from BDO's update that was presented to the Committee in November. The relevant part of that paper was included as appendix 2 for reference. The Committee noted the following points:

- the HCPC had slight differences in legislation and powers when compared to charities (to whom much of the considerations were aimed);
- the ROPA (Article 30 Record of Processing Activity) was last updated on 26 November 2021, and prior to that on 29 July 2020. It was planned to integrate the ROPA with the 'RiskInformationAssets' spreadsheet which would provide a complete view of information ownership, access and risk on a Confidentiality, Integrity and Availability basis;
- privacy notices were recently changed to allow further research by the Insight and Analysis team around using EDI data. Further changes were planned to allow for the collection of UK graduates' personal email addresses as part of the pass list process;
- staff were trained every year on all aspects of information security and data protection. Employees were not trained specifically on GDPR. International data transfers were strictly at the request of applicants applying to register in the UK, or existing registrants wishing to work overseas;
- the HCPC used UK based organisations to hold or process data wherever possible. Where that was not an option, European locations were used. The HCPC specifically requested details from them of where back-up data was retained;
- when procuring, the HCPC expected appropriate certifications to be in place for the service being procured;
- consent was only used for outbound email marketing activities in the regulatory field. 'Legitimate interest' was a fall-back processing reason retained from the old data protection legislation to enable marketers to carry on marketing. Individuals could not demand to have regulatory information deleted;
- the Data Privacy statement was last updated in November 2021, following legal and ELT sign off. It would soon be updated again to allow for potential UK applicants' email addresses to be collected via pass lists;
- DPIAs (Data Protection Impact Assessments) were embedded in the project process and were also carried out when negotiating MoUs or Data Sharing Agreements with other regulators; and

- all data breaches were recorded as Information Incident Reports, (IIRs) and reflected in the Improvement log. Most incidents were down to human error. Occasionally automation resulted in errors, such as the auto populating of email address fields. This would be addressed again in the current information security training.

7.19 The Committee noted that there was a new warning from the NCSC to be cautious and to apply maximum protection given the escalating situation in eastern Europe. The Executive assured the Committee that the HCPC's protection was good however there was always more that could be done and a balance had to be struck. The HCPC would continue to be vigilant.

7.20 In response to a question about action on breaches by staff, the Executive noted that the HCPC employs a culture of no blame for accidental breaches. The reporting of incidents was actively encouraged and that would not lead to disciplinary action.

7.21 The Committee thanked the CISRO for the helpful presentation that had provided greater assurance to them.

Item 8. External Audit 2020-2021 update (verbal)

8.1 Haysmacintyre (HM) and the National Audit Office (NAO) provided a verbal update to the Committee.

8.2 The Committee noted that initial conversations between the HCPC's new finance team, HM and the NAO had resulted in a timetable being agreed. There was no interim visit planned this year. All fieldwork would be undertaken during summer, focusing on significant risk areas first. This would allow the new finance team time to bed in to the organisation and to prepare for the audit. HM was currently reviewing their resources to carry out the fieldwork in July 2022.

Item 9. Audit planning and progress against external audit recommendations (verbal)

9.1 The Executive Director of Resources and Business Performance thanked the External Auditors for the work undertaken so far in the planning and agreement of a timetable. This year was a transitional phase, and it was planned to lay the accounts in Parliament after the summer recess. The preferred longer-term aim for future years was to revert to laying the accounts pre summer recess. This would be enabled through finance system upgrades and by growing the finance team.

9.2 The Committee noted that it was too early to confirm whether draft accounts would be available at the Committee's September meeting or whether a special meeting would be required. This would be kept under review. **Action Executive**

9.3 The Head of Finance provided a verbal update to the Committee in relation to the progress made against the risks and recommendations identified during the 2020-21 External Audit. The Committee noted the following activities:

- manual reconciliations were conducted on an on-going basis;
- a systems accountant had been appointed and would manage the re-implementation of the Business Central (BC) finance system;
- a joined-up approach with the registration operations team was developed;
- suspense accounts were reconciled to November 2021. The reimplementation of BC would eliminate the need for suspense accounts in the long-term;
- NatWest bank account movements had been updated;
- a review was planned of the intangible fixed asset register along with the determination of the basis of current rates;
- a long-term approach would introduce a fixed asset model into BC to eliminate human error;
- as part of year end, there would be a detailed review of the capital projects costs that were classified as intangible fixed assets; and
- signed copies of the grant agreement with the Department of Health were being obtained.

9.4 The Committee further noted the other key workstreams included:

- a review of policies in relation to capital expenditure and bad debt;
- looking to provide a 2-to-3-year finance plan as part of the forecasting exercise for FY22-23; and
- to ensure projects were being tracked financially and to measure benefit realisation.

9.5 The Head of Finance further highlighted that work had already begun in addressing some of the issues identified in a recent internal audit of financial controls that was not yet finalised. The Committee would review that audit at its next meeting, along with any management responses and updates.

9.6 The Committee thanked the Executive for the update and presentation, noting it provided some good assurance and that progress against the

issues was being made. The Committee noted that the External Audit recommendations were captured in the Committee recommendation tracker, and that dates should be added to items with the updates.

Action Executive

Item 10.i. Papers from the HCPC's Internal Auditors, BDO LLP – Safeguarding Controls review (report ref: ARAC 04/22)

- 10.i.1 The Committee received a report from the HCPC's internal auditors BDO LLP.
- 10.i.2 The Committee noted that BDO undertook a review to provide assurance over the processes and controls intended to identify, prevent and respond to safeguarding issues relating to the prior or current conduct of the HCPC's registrants.
- 10.i.3 The Committee noted that the report had received a green-amber rating, meaning that generally there was a good control framework in place. Some minor weaknesses were identified and recommendations with management responses were in the report.
- 10.i.4 The Committee commented that the report was helpful and provided some good assurance. Whilst some of the management actions were reported as being contained in workplans and therefore completed, the Committee agreed that those actions should remain active in the recommendation tracker with implementation dates until completed.

Action Executive

Item 10.ii. Papers from the HCPC's Internal Auditors, BDO LLP - Internal Audit Plan 2021-22 progress update (report ref: ARAC 05/22)

- 10.ii.1 The Committee received the Internal Audit Plan 2021-22 progress update report, and its contents were noted. The Committee noted that several audits had fallen at the end of the year and ideally would be spread more evenly over the year.
- 10.ii.2 BDO noted that as a result of the recent appointment of the Executive Director of Resources and Business Performance, it was requested that the Digital Transformation Benefits Realisation audit be deferred to next year's plan. The Committee agreed to the deferral and change.

Item 10.iii. Papers from the HCPC's Internal Auditors, BDO LLP - Draft Internal Audit Plan 2022-23 (report ref: ARAC 06/22)

- 10.iii.1 The Committee received the proposed Internal Audit Plan 2022-23 from the HCPC's internal auditors BDO LLP.

- 10.iii.2 BDO noted the plan was developed with the engagement of the Executive Leadership Team, the Committee and the HCPC's internal quality assurance team.
- 10.iii.3 Following feedback from the Committee, BDO noted to update the descriptions of the FtP and the diversity audits to reflect broader ambitions than just those of the PSA standards. The Committee noted these would be agreed at the scoping stage of the audits.
- 10.iii.4 BDO confirmed that the business change audits would be focussing on transformation projects and that benefits realisation was integral to those.
- 10.iii.5 The Committee discussed the importance of business continuity but agreed that due to the current threat level, cyber security at this time was of greater priority in the plan.
- 10.iii.6 The Committee approved the Internal Audit Plan 2022-23 and thanked BDO, noting that the engagement work with the Committee workshop had proved very helpful.

Item 11. Internal audit recommendations tracker (report ref: ARAC 07/22)

- 11.1 The Committee noted the item.
- 11.2 The Committee agreed that the tracker should be viewed as part of the main agenda at the next meeting, noting some of the longer-standing items. **Action Executive**

Item 12. Committee forward work plan (report ref: ARAC 08/22)

- 12.1 The Committee noted the item.
- 12.2 The Committee agreed that the deep dive topics suggested at the Committee workshop in February 2022, would be scheduled by the Chair, the Head of Governance and the Secretary to the Committee. **Action Executive/Committee Chair**

Item 13. Any other business

- 13.1 There was no other business.

Item 14. Date & time of next meeting(s):

- 14.1 Thursday 9 June 2022, 1pm

Item 15. Resolution

15.1 The Committee was invited to adopt one or more of the following:

'The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which were being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.'

| Item | Reason for Exclusion |
|------|----------------------|
| 16 | H |
| 17 | H |

Chair.....

Date.....