

Council, 7 December 2022

Unconfirmed minutes of the Audit and Risk Assurance Committee meeting of 9 November 2022

Committee Chair's summary to Council

The Audit and Risk Assurance Committee (ARAC) met on 9 November 2022.

This was our longstanding, independent member's last meeting and we thanked Julie Parker for her valuable contributions. Recruitment is underway for a new independent member with interviews in early January.

We were pleased to have confirmation that the Annual Report and Accounts for 2021-22 had been laid on 3 November 2022. Planning for the 2022-23 audit will take place soon, with an interim audit in January 2023 and it is expected that the final accounts will come to ARAC in September next year.

There were internal audit reports on cyber security (taken in private), registrant forecasting and the annual internal audit charter was put to ARAC. Both audit reports gave moderate assurance, the second out of four bands, with assurance being received that cyber security was good and the points raised on registrant forecasting did not indicate that forecasts were unreliable.

ARAC reviewed the investment policy, which was considered to be still appropriate. Care will be taken to ensure balances are spread across accounts as far as is practical.

The Unified Assurance Report has been developed further and gives a good oversight of all the types and levels of assurance over controls. Council members may find it useful to read this report, which is available to all members on iPads in the ARAC papers.

ARAC thank Kathryn for her contributions as she moves to a different Committee and look forward to welcoming a new Council member in the new year. We have a workshop in February and the next meeting is in March. Any member is welcome to observe meetings.

Sue Gallone, Chair of the Audit and Risk Assurance Committee

Audit and Risk Assurance Committee

Public minutes of the 87th meeting of the Audit and Risk Assurance Committee held on:-

Date: Wednesday 9 November 2022

Time: 2pm

Venue: MS Teams

Present: Sue Gallone (Chair)
Julie Parker
David Stirling
Heeral Davda

In attendance:

Ewan Shears, Secretary to the Committee
Claire Amor, Executive Director of Governance, Assurance and Planning
Alastair Bridges, Executive Director of Resources and Business Performance
Andrew Smith, Executive Director of Regulation
Roy Dunn, Chief Information Security and Risk Officer
Alan Keshtmand, Head of Finance
Colman Lee, Financial Controller
Bill Mitchell, BDO LLP
Anna Raftery, Quality Assurance Lead
Kathryn Burton, Haysmacintyre
Gareth Roberts, National Audit Office (NAO)
Oliver Evatt, National Audit Office (NAO)
Benedict Newman, Quality Assurance Manager

Public

Item 1. Chair's welcome and introduction

- 1.1 The Chair welcomed those present to the 87th meeting of the Audit and Risk Assurance Committee and noted that having led the HCPC through a transformational period, the Chief Executive and Registrar who was not present at the meeting was stepping down from his role at the end of the calendar year. The Chair congratulated the current Executive Director of Regulation, Andrew Smith who would be taking over as the Interim Deputy Chief Executive and Registrar until conclusion of the appointments process.

Item 2. Apologies for absence

- 2.1 Apologies were received from Kathryn Foreman.

Item 3. Approval of agenda

- 3.1 The Committee agreed that agenda item 10.i Cyber Security and Business Continuity would be discussed in private session but would remain as scheduled on the agenda.
- 3.2 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 14 September 2022 (report ref: ARAC 48/22)

- 5.1 The Committee approved the minutes of the meeting of 14 September 2022.

Item 6. Matters arising (report ref: ARAC 49/22)

- 6.1 The Committee noted this item.

Item 7. Strategic Risk Register (report ref: ARAC 30/22)

- 7.1 The Committee received the report from the Executive which included the latest iteration of the Strategic Risk Register (SRR).
- 7.2 The Executive Director of Governance, Assurance and Planning highlighted the following changes:-

- In relation to strategic risk five, the HCPC's Chief Executive and Registrar was stepping down from his role at the end of the calendar year and the Executive Director of Regulation, Andrew Smith would be taking over as the Interim Deputy Chief Executive and Registrar until conclusion of the appointments process. A process to back fill for an Interim Executive Director of Regulation was underway. External stakeholders had been notified and internal communications included employee engagement with Heads of departments, an all-employee meeting and ongoing engagement from Council members with individuals across the organisation; and
- strategic risk six was linked to regulatory reform and because of the recent government leadership changes this had been delayed. Greater clarity on timelines was expected in Q4 2022-23.

7.3 The Committee thanked the Executive Director of Governance, Assurance and Planning for the clear paper and for the verbal update.

7.4 In response to a question, the Executive noted that phase 2 of the FtP software improvements programme was underway which would introduce controls ensuring data was captured at certain points. There was a difference between the data that was being captured now versus the historic imported data in HCPC systems, and that over time data would continue to improve. The Executive agreed to reflect not just data quality issues in Risk 3, but also its completeness and comprehensiveness.

ACTION

7.5 The Executive noted that there would be an update to Council in December on the fee rise consultation and assured the Committee that the consultation and engagement process was progressing well.

7.6 In response to a question the Executive Director of Regulation outlined the organisational reaction to the announcement that the Chief Executive and Registrar would leave the HCPC at the end of 2022. He noted that following the announcement, the all-employee meeting had been positive with both the Chief Executive and Registrar and the Chair of Council reflecting on HCPC's progress under his tenure, which included the development of HCPC's first Corporate Strategy. The Executive Director of Governance, Assurance and Planning and the Executive Director of Regulation had also provided assurance to employees that HCPCs current trajectory would continue which was received positively.

7.7 In response to a question, The Executive Director of Resources and Business Performance noted that sickness and turnover statistics were improving and would be reported to the People and Resources Committee on 10 November.

Item 8. Annual report and Accounts 2021-2022 update (verbal)

- 8.1 The Executive confirmed to the Committee that the Annual Report and Accounts 2021-22 had been laid in Parliament on 3 November 2022. The Executive thanked the External Auditors and the internal finance team for the work they had undertaken to achieve completion.
- 8.2 The Executive noted that an internal lessons learned process had also been undertaken, which recognised what had gone well and also identified five key areas for improvement which would be built into the planning for next year's audit.
- 8.3 The Committee welcomed the good news and thanked all involved in completing the work. The Chair of Committee further thanked Claire Amor for her role in laying the Annual Report and Accounts and congratulated her on her recent appointment as Executive Director of Governance Assurance and Planning, noting this was reassuring for the organisation.

Item 9. External Audit 2021-2022 update (verbal)

- 9.1 Haysmacintyre noted they were pleased that last year's audit was completed and that they had already held initial conversations with the Executive in relation to the 2022-23 audit planning and timetable. This included discussing the changes that were required by the new auditing standards ISO315.
- 9.2 The NAO noted that the ISO315 changes meant their planning process would change too. The Committee noted that HCPC would need to complete a hard close for month nine (December 2022) which would be audited in January 2023. Haysmacintyre and the NAO would submit planning reports to the Committee in March 2023.
- 9.3 Haysmacintyre advised that the fieldwork for the final audit would most likely be conducted in June 2023 with a view to sign off in September 2023. This was, however, subject to the system changes planned by HCPC. This provisional timing would be reflected in the Committee's forward work plan. **ACTION**
- 9.4 The NAO thanked the HCPC colleagues and haysmacintyre for their contribution to the sign off process, noting that it went very smoothly from their point of view.

Item 10.i. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Cyber Security and Business Continuity (report ref: ARAC 51/22) - PRIVATE

- 10.i.1 The Committee agreed that Item 10.i would be discussed in private as public disclosure could prejudice the effective discharge of the Committee's or Council's functions.

Item 10.ii. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Registrant Forecasting (report ref: ARAC 52/22)

10.ii.1 The Committee received a report from the HCPC's Internal Auditors BDO LLP and noted the purpose of the report was to evaluate HCPC's approach to estimating and forecasting changes in the numbers of registrants.

10.ii.2 BDO highlighted the follow points to the Committee:-

- the overall rating of the report was moderate and that largely there was an adequate model in place;
- the assumptions made by the model were reasonable and included long-term changes such as the impact of Brexit on international applications and potential impact of Covid-19 on future student recruitment;
- it was a relatively easy tool to navigate and use with good, embedded guidance in place;
- improvement was needed in the controls for the extraction and importing of registrant data;
- attendance at monthly discussions to capture real time assumptions needed to be improved;
- integration with the finance model required development; and
- variance analysis built into the model required confirmation.

10.ii.3 The Committee noted the management response to finding 3 was to establish a MS Teams channel and cautioned that while this may be a helpful tool to use it was important to have the right people inputting expertise too.

10.ii.4 In response to a question about the impact of the audit findings on the accuracy of forecasting, BDO assured the Committee that where there were issues with data pulling through, these would mostly correct themselves. They did not find or have reason to be concerned that whole volumes of data were missing and therefore the moderate rating of the report reflected that.

Item 10.iii. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Internal Audit Plan 2022-23 progress update (report ref: ARAC 53/22)

- 10.iii.1 The Committee received and noted the Internal Audit Plan 2022-23 progress update report from BDO LLP.
- 10.iii.2 BDO provided a verbal update that included the following points:-
- the fieldwork for the Diversity report was completed and this would now be presented to the Committee at its March 2023 meeting; and
 - the Business Transformation assurance work would be conducted through a workshop format rather than an audit, and the outcome report presented to the Committee.

Item 10.iv. Papers from the HCPC's Internal Auditors, BDO LLP – Internal Audit - Internal Audit Charter (report ref: ARAC 54/22)

- 10.iv.1 The Committee received a paper from the HCPC's internal auditors BDO LLP. The Charter established internal audit's position within the Health and Care Professions Council (HCPC). It defined the scope and limitations of internal audit activities and the relationship with the Audit and Risk Assurance Committee and Senior Management.
- 10.iv.2 The Committee highlighted the reference in the Charter to internal assessments of BDO's work. BDO confirmed that any assessment that included HCPC in the sample pool would be shared and following a request agreed to share recent assessments with the Committee, noting the HCPC had not been selected in the samples for those assessments.
- 10.iv.3 The Committee noted that the QA Lead and Executive Director of Governance, Assurance and Planning had reviewed the Internal Audit Charter and were content with the approach. The Committee approved the annual Internal Audit Charter.

Item 11. Investment Policy Review (report ref: ARAC 55/22)

- 11.1 The Committee received a paper from the Head of Finance, who highlighted the following outcomes from the review:-
- the policy had remained unchanged operating with a low-risk approach reflected in the spread of the cash deposits across the established institutions; and
 - credit risk ratings had been updated for HCPC's main account Lloyds (A+), along with Barclays (A) and Nationwide (A+), as of 25 October 2022.
- 11.2 The Executive noted the that the policy allowed for a maximum of 67% of cash deposit sitting in any one bank and were comfortable that on occasion this figure might be above that level pending operational

expenditure. The Financial Accounting team would continue to monitor each bank balance to adhere to the policy. The Committee agreed that the Executive Director of Resources and Business Performance should provide an accompanying note to any cash flow statement submitted to Council, to confirm the Investment Policy was adhered to during the reporting period. **ACTION**

- 11.3 The Committee reflected whether spreading the cash over more accounts or more evenly across the three established accounts would be beneficial but accepted the Executive's view that this would be operationally demanding and would increase overheads.
- 11.4 The Committee recommended that the Investment Policy remain unchanged, noting that the Executive would be taking additional steps to ensure ongoing compliance. **ACTION**

Item 12. Internal audit recommendations tracker (report ref: ARAC 56/22)

- 12.1 The Committee received a paper from the Governance and Compliance Officer. The paper set out progress against outstanding internal and external audit recommendations.
- 12.2 The Committee noted the paper. The Chair of Committee would follow up with the Governance and Compliance Officer to inform future iterations.

Item 13. Committee forward work plan (report ref: ARAC 57/22)

- 13.1 The Committee noted the item.

Item 14. Any other business

- 14.1 The Chair of Committee noted that this was the final Committee meeting for the Independent Committee member, Julie Parker. The Chair thanked Julie on behalf of the Committee for all her contributions over the past eight years, providing a different perspective and bringing external experience that had been invaluable. The Chair further commented that her contributions had always been fresh and freely given and gave personal thanks for Julie's help during her tenure as Chair and wished Julie well for future endeavours.
- 14.2 The Independent Committee member thanked the Chair and Committee for their comments and provided a parting reflection, that the people at HCPC had a real dedication, which had shined through in the very open approach conversations she had experienced as a member of the Committee.
- 14.3 The Executive Director of Governance, Assurance and Planning further thanked the Independent Committee member and also thanked and

wished Heeral Davda well, who would be ending her apprenticeship at the end of the calendar year and therefore, this would be her final Committee meeting.

14.4 There was no further business.

Item 15. Date and time of next meeting:

15.1 Wednesday 15 March 2023, 1:30pm

Item 16. Resolution

16.1 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
17	H
18	H
19	H
20	H, C
21	H

Chair.....
Date.....