

Audit Committee, 13 March 2013

Internal Audit Report – Registrations

Executive summary and recommendations

Introduction

Mazars has undertaken a review of the arrangements for registration in accordance with the internal audit plan agreed by the Committee in March 2012. The audit considered the following risks:

- Customer service failures
- Protracted service outage following a Net Regulate Registration system failure
- Inability to detect fraudulent applications
- Backlogs of registration applications

The report is attached as an appendix to this paper.

Decision

The Committee is asked to discuss and approve the report

Background information

At its meeting in March 2012 the Committee approved the Internal Audit Plan for 2012/13

Resource implications

None

Financial implications

None

Appendices

Internal Audit Report – Registrations

Date of paper

1 March 2013



Internal Audit Report

Registrations (06.12/13)

February 2013

FINAL REPORT

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Appendix 1 – Definitions of Assurance Levels and Recommendations

AUDIT CONTROL SCHEDULE:

Client contacts:	Greg Ross-Sampson: Director of Operations Richard Houghton: Head of Registrations	Internal Audit Team:	Peter Cudlip: Partner Graeme Clarke: Director James Sherrett: Assistant Manager David Kershaw: Auditor Matthew Brookland: Auditor
Finish on Site \ Exit Meeting:	16 January 2013	Management responses received:	12 February 2013
Last information received:	25 January 2013		
Draft report issued:	5 February 2013	Final report issued:	12 February 2013

In the event of any questions arising from this report please contact Graeme Clarke, Director, Mazars LLP graeme.clarke@mazars.co.uk

Status of our reports

This report and has been prepared for the sole use of the Health and Care Professions Council.

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1. INTRODUCTION

- 1.1 As part of the Internal Audit Plan for 2012/13, we have undertaken a review of the Health and Care Professions Council's (HCPC) arrangements for registration. This area was included in the Plan due to the significance of risks in this area as identified in HCPC's Risk Register.
- 1.2 This area was last subject to review by internal audit in 2007/08 when one recommendation was raised. In addition, as part of HCPC's ISO: 9001 accreditation, BSI has undertaken periodic review of registrations as part of reviews in 2010 and 2012. Both reports provided positive assurance.
- 1.3 We are grateful to the Director of Operations, Head of Registration, Registration Trainer and other members of staff for their assistance during the course of the audit.
- 1.4 This report is for the use of the Audit Committee and senior management of HCPC. The report summarises the results of the internal audit work and, therefore, does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.

2. BACKGROUND

- 2.1 In its role as a health regulator HCPC maintains and publishes a register of health and care professionals who meet its requirements for training, professional skills, behaviour and health. There are approximately 300,000 health professionals registered by HCPC.
- 2.2 There are several routes to registration, UK applications, readmission (after removal), renewal, international, and temporary registration. Temporary registrants are identified by a unique registration number. Temporary registrants are required to make the nature of their registration clear as part of their title. Applications to join the Register are received and processed by the Registration Department. In the course of processing, Registration Advisors check that all essential information has been provided and the associated fees have been paid.
- 2.3 Within HCPC's structure, the Registration Department sits within the Operations Directorate. Responsibilities of the Department include processing new applications and readmissions to the Register, renewal of registration, processing international, European Economic Area (EEA) and temporary applications, together with maintaining service standards to applicants and registrants and providing the administrative support these processes require.
- 2.4 Day-to-day responsibility for the Registration Department is assigned to the Head of Registration, who is supported by a team of Customer Service Managers, Team Leaders and approximately 30 Registration Advisors, bringing the total number of employees to around 40. Approximately 20 temporary employees were recruited to resource the additional work generated by the on-boarding of Social Workers.
- 2.5 Employee training is highly important to the effective operation of the department. A Registration Trainer is employed to oversee training and a structured training programme has been developed for employees. Following training, employees are seen as 'multi-skilled' and can be deployed to help manage the peaks and troughs of departmental workload. For example, if a large number of incoming calls is experienced, employees trained in call-handling can be moved, at management request, from their current task to deal with the increase in telephone calls. This approach is adopted across all the functions and teams of the department.

- 2.6 In 2012/13, the Registration Department was allocated a budget of approximately £2.4m. This covers running of the department, including employee costs, and reflects the increased workload associated with the on-boarding of Social Workers and the Department's involvement in other major projects such as the Automated Readmissions project.
- 2.7 The department uses a bespoke resource forecasting and planning model based on trends analysis such as call data and anticipated number of applications to establish the resources required to meet demand. Details used in the calculation of resource are reviewed at the Finance and Resources Committee. The department has Service Standards, which are defined in the Registration Department Work Plan and considered during resource planning.
- 2.8 The Registration Department uses standard software such as Microsoft Office and Lotus Notes in addition to more specialised packages such as the NetRegulate registrant system, scanning/character recognition software (for automated reading of form data) and Embrace, used for online learning. Network drives are also utilised along with the HCPC website.

3. SCOPE AND OBJECTIVES OF THE AUDIT

3.1 Our audit considered the following risks relating to the area under review:

- Customer service failures (*Risk Register, Ref 10.1*);
- Protracted service outage following a Net Regulate Registration system failure (*Risk Register, Ref 10.2*);
- Inability to detect fraudulent applications (*Risk Register, Ref 10.3*); and
- Backlogs of registration applications (*Risk Register, Ref 10.4*).

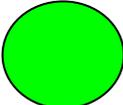
3.2 In reviewing the above risks, our audit considered the following areas:

- Registrations work plan, relevant policies, operational procedures and workflows;
- Registration routes, applications and supporting records/documentation, accuracy and timeliness of processing;
- Registrations service standards, targets and KPIs;
- Forecasting of number and types of registrations and associated financial budgeting and resource planning;
- Review and on-going management of financial position and resources against forecasts / projections;
- Staff training programmes; and
- Management and financial information and reporting to EMT/Committee/Council.

3.3 The objectives of our audit were to evaluate the adequacy and effectiveness of controls and processes for registrations, and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

- 3.4 We are only able to provide an overall assessment on those aspects of the controls and processes for registrations that we have tested or reviewed. This audit was not an assessment of whether applicants have been correctly or incorrectly registered. However, it reviewed whether the correct processes for registration have been applied in a sample of cases.
- 3.5 The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

4. AUDIT FINDINGS: ONE PAGE SUMMARY

Assurance on effectiveness of internal controls	
	Substantial Assurance

Recommendations summary	
Priority	No. of recommendations
1 (Fundamental)	None
2 (Significant)	None
3 (Housekeeping)	1
Total	1

Risk management
<p>As detailed in 1.1 and 3.1 above, HCPC's Risk Register identifies specific risks relating to registrations. In the course of our audit we have confirmed the identified mitigating controls in the Risk Register are in place and working effectively to reduce risk exposure in this area. One minor recommendation has been raised regarding terminology within the Risk Register, see section 6 for details.</p> <p>References to HCPC's Risk Register are also directly integrated into the Registration Department's 2012/13 Work Plan and there was further evidence of risk management being embedded during our review of a Business Plan and Project Initiation Document.</p> <p>As identified by its Work Plan, the Registration Department manages those organisational risks that are primarily concerned with customer service failures, inability to detect fraudulent applications, backlog of registration applications, mistakes in the registration process leading to liability for compensation to the registrant or applicant and CPD processes not being effective.</p>

Value for money
<p>Value for money considerations for the Registrations Department includes ensuring the optimum number of staff to conduct the role as well as the on-going review, streamlining and automation of processes.</p> <p>For example, the project to introduce a new automated readmission process. The new process uses computer software, and reduces the time spent by a Registration Advisor in administering an application. It is estimated the new process requires approximately 20% of the time taken to administer the manual readmission process.</p>

5. SUMMARY OF FINDINGS

Overall conclusion on effectiveness and application of internal controls

- 5.1 Taking account of the issues identified in paragraphs 5.2 to 5.3 below, in our opinion the control framework for registrations, as currently laid down and operated at the time of our review, provides **substantial** assurance that risks material to the achievement of HCPC's objectives are adequately managed and controlled.

Areas where controls are operating effectively

- 5.2 The following are examples of controls which we have considered are operating effectively at the time of our review:

- A Registration Department Work Plan has been produced. The plan covers key issues for the department including, resources (financial and non-financial), future priorities and risk management;
- There are clearly documented guides, covering key processes of the department in addition to process maps;
- Staff receive regular training and the staffing of the department team includes a Registration Trainer;
- The HCPC website has a range of information including allowing the public access to the Register and a section providing information for Registrants. Registrants are able to set up an online account, through which they can complete routine tasks such as renewal of registration;
- We noted examples where technology has been integrated into controls. One particular case is use of a Machine Readable Zone (MRZ) check which is used during passport verification;
- Resource planning models are in place to assist in staffing level forecasts and general resource requirements;
- Sample testing confirmed compliance with the respective operational processes for the routes to registration; and
- Registration department performance is reported at senior meetings within the organisation, including the Finance and Resources Committee, and to Council.

Areas for further improvement

- 5.3 We identified one area where there is scope for further improvement in the control environment. The matter arising has been discussed with management and has been, or is being, addressed as detailed in the management action plan (Section 6 below).

6. ACTION PLAN

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
6.1	<p><i>Observation:</i> During review of the Risk Register we noted the mitigation ‘Supporting automation infrastructure eg call centre systems, LISA system enhancements, registration restructure’.</p> <p>We understand LISA was the previous registrant system and has been replaced for some time by NetRegulate.</p> <p><i>Risk:</i> Mitigations and controls identified in the Risk Register are not those actually in place.</p>	<p>The risks and mitigating controls relating to the department should be reviewed and updated as required.</p> <p>As a minimum the reference to LISA should be removed and replaced with NetRegulate.</p>	3	<p>The mitigations and controls listed are correct, accurate and up to date. There was an administrative oversight and the term “LISA” was not updated to reflect the name of the current system, NetRegulate.”</p> <p>This has been updated in the current version of the Risk Register.</p>	Complete

Appendix 1 – Definitions of Assurance Levels and Recommendations

We use the following levels of assurance and recommendations in our audit reports:

Assurance Level	Adequacy of system design	Effectiveness of operating controls
Substantial Assurance:	While a basically sound system of control exists, there is some scope for improvement.	While controls are generally operating effectively, there is some scope for improvement.
Adequate Assurance:	While a generally sound system of control exists, there are weaknesses which put some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses which put some of the system objectives at risk.
Limited Assurance:	Control is generally weak leaving the system open to significant error or abuse.	Control is generally weak leaving the system open to significant error or abuse.

Recommendation Grading	Definition
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose, HCPC to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose, HCPC to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.