Audit Committee, 26 September 2013

Internal audit report – Follow-up of previous recommendations

Executive summary and recommendations

Introduction

As part of the Internal Audit Plan for 2013-14 Mazars have undertaken a review to follow up progress made by the Health and Care Professions Council in implementing internal audit recommendations made during 2012/13. This includes recommendations from 2011/12 audit reports which had not been implemented at the time of last year's follow up review.

Decision

The Committee is asked to discuss the report.

Resource implications

None.

Financial implications

None.

Appendices

Internal audit report – Follow-up of previous recommendations

Date of paper

17 September 2013

Internal Audit Report

**Follow Up
(01.13/14)**

September 2013

FINAL REPORT

CONTENTS

AUDIT CONTROL SCHEDULE:

Client contacts:	Louise Hart: Secretary to Council Marc Seale: Chief Executive and Registrar	Internal Audit Team:	Peter Cudlip: Partner Graeme Clarke: Director James Sherrett: Manager Matt Brookland: Auditor
Finish on Site \ Exit Meeting: **Date Last Information Received:**	17 July 2013 6 August 2013	**Management responses received:**	18 September 2013
Draft report issued:	30 August 2013	**Final report issued:**	18 September 2013

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

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1. INTRODUCTION

1.1 As part of the Internal Audit Plan for 2013/14 we have undertaken a review to follow up progress made by the Health and Care Professions Council (HCPC) in implementing internal audit recommendations made during 2012/13. This included recommendations from 2011/12 audit reports which had not been implemented at the time of last year's follow up review.

1.2 We would like to thank staff at HCPC for their assistance and help during the course of the audit.

1.3 This report is confidential and for the use of the Audit Committee and senior management of HCPC. The report summarises the results of the internal audit work and is by exception. It therefore, does not include all matters that came to our attention during the audit. Such matters have been discussed with the relevant staff.

2. SCOPE AND OBJECTIVES OF THE AUDIT

2.1 The audit areas considered as part of this follow up review included:

- Follow Up (01.12/13);

- Income Collections and Debtors (02.12/13) ;

- ICT Security (03.12/13) ;

- Education Approvals Monitoring (04.12/13); and

- Registrations (06.12/13);

2.2 Recommendations in respect of Corporate Governance and Risk Management (07.12/13), Bribery Act (08.12/13) and Project Management (09.12/13) will be followed-up as part of the specific Corporate Governance and Risk Management and Project Management reviews included in the Plan for 2013/14.

2.3 Staff members responsible for the implementation of the recommendations were interviewed to determine the status of the agreed actions. Audit testing has been completed, where appropriate, to assess the level of compliance with this status and the controls in place.

2.4 During 2011/12, HCPC introduced a process whereby Management report on the status of implementation of recommendations to each Audit Committee. The most recent of these reports went to the June 2013 Committee and the results of these reports have been used to inform our work. We consider that the status of the recommendations, as reported by Management at the June 2013 Audit Committee, is consistent with our audit findings.

3.   SUMMARY OF FINDINGS

3.1   There were a total of 16 recommendations accepted by Management within the reports referred to in section 2.1 above. All of these recommendations were categorised as ''Priority 3'.

3.2   Based on our review, the status of the remaining recommendations is as follows:

Implementation Status

Implementation Status %
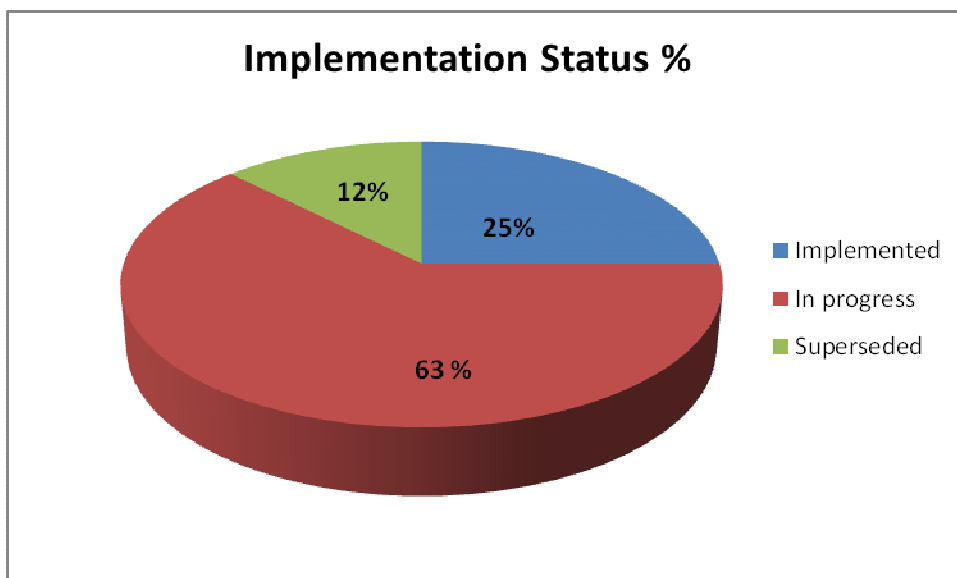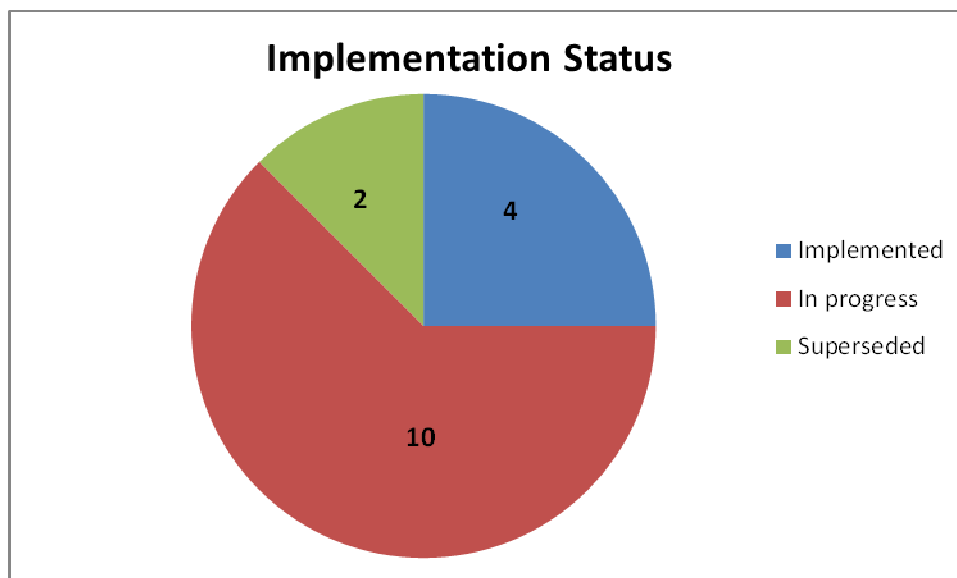
3.3   Four recommendations have been implemented. Ten recommendations are considered to be in the process of being implemented. All of these recommendations are 'priority 3' with three of these recommendations being carried forward from the previous year's Follow Up audit (report 02.11/12 refers). Further details are included in Section 5 below.

3.4   There were no recommendations that had not been implemented.

3.5   Two 'Priority 3' recommendations were considered superseded. These relate to:

- The identification of 'early warning signals' in the Risk Register (report Follow Up – 01.12/13 – refers). Management felt that this would unnecessarily complicate the Risk Register and would have little value; and

- Consideration should be given to introducing online applications (report Follow Up – 01.12/13 – refers). This has been put on hold as other developments around online activities and registration systems have been prioritised. This may be considered for future projects.

4.   DEFINITIONS

4.1   The status of recommendations are assessed as follows:

Status	Detail
1	The recommendation has been implemented
2	Progress has been made on implementation of the recommendation
3	The recommendation has not yet been implemented

4.2   Where we have reiterated recommendations or reworded them the following categories have been used:

Priority Rating	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.

5.   DETAILED FINDINGS AND ACTION PLAN

Area: Follow Up (01.12/13) - Follow Up (Financial Systems Review 2010/11 – R2)								
Orig Ref	Original Recommendation	Original Category	Original Management Response and Updated Response	Impl'n Date	Manager Responsible	Status	Comments/ Implication	New Recommendation
5.4	Original Recommendation: Management should complete the steps necessary towards removing the option for individuals to follow manual procedures when raising supplier purchase orders. Follow Up Recommendation: As planned, the Procurement, Requisitions and Purchases procedures should be updated to reflect our comments and approved by the Finance and Resources Committee.	Priority 3	This document will now be reconsidered to include a revised tendering policy and proposals for the supplier database. This will be completed in November2012.	November 2012	Director of Finance	2	Procurement policies and procedures will be drafted by September 2013.	As planned, the Procurement, Requisitions and Purchases procedures should be updated to reflect our comments and approved by the Finance and Resources Committee. (Priority 3) **Updated Management Comment/ Implementation Date/Manager Responsible** Procurement policy currently being drafted, to be followed immediately by a review and update of the purchasing procedures to be completed by the procurement manager and finance team. Dec'13

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Area: Follow Up (01.12/13) - Payroll								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
5.5	Original Recommendation: As part of the planned review of the HR system, consideration should be given to a more effective interface between the HR and Payroll systems to avoid duplication in entry of data.

Follow Up Recommendation:

Recommendation carried forward | Priority 3 | The project plan and its timing will be discussed at the November 2012 away day. | November 2012 and on-going | Director of Finance | 2 | This is currently being reviewed as part of the wider on-going project reviewing HR processes. In addition, payroll processes have changed recently as a result of the outsourcing of certain processes to a Payroll Bureau. | As planned, HCPC should consider the interface between HR and Payroll systems including how the outsourcing of certain processes to a Payroll Bureau will impact on this.

(Priority 3)

Updated Management Comment/ Implementation Date/Manager Responsible

Continues to be reviewed as part of the HR systems project review.

On-going |

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Area: Follow Up (01.12/13) - Corporate Governance								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
5.7	Original Recommendation: HPC should ensure that where possible all travel bookings are made well in advance of the travel date to ensure best rates are achieved. In addition, consideration to market testing its arrangements with Co-Op travel agents to ensure they provide value for money to the organisation. Follow Up Recommendation: Consideration should be given to market testing the arrangements with Co-Op travel agents to ensure they provide value for money to the organisation.	Priority 3	It is in the Finance work-plan to undertake a review of the contract and it is anticipated that this will take place in the last half of the financial year.	Not completed (last half of 2012/13 financial year)	Director of Finance	2	There is now a timetable in place which will dictate looking at the tender process of travel services for HCPC. A Procurement Manager has recently been appointed and this will form part of their responsibilities.	Consideration should be given to market testing the arrangements with Co-Op travel agents to ensure they provide value for money to the organisation. (Priority 3) **Updated Management Comment/ Implementation Date/Manager Responsible** Travel contract is included in the workplan for the procurement manager with a view to go out to tender next year. An initiation document is being prepared to consider the scope of the project, likely to include the whole process of purchasing and paying for travel. Initiation document to be presented to EMT in Dec'13.

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Area: Follow Up (01.12/13) - Purchase Ordering System								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
5.8	Original Recommendation: As planned, HPC should complete the update to the 'Procurement Requisitions and Purchases' procedure document to ensure it reflects current practice. Once finalised, this should be communicated to all appropriate staff.

Follow Up Recommendation: As planned, the Procurement, Requisitions and Purchases procedures should be updated to reflect our comments and approved by the Finance and Resources Committee. | Priority 3 | This document will now be reconsidered to include a revised tendering policy and proposals for the supplier database. This will be completed in November2012. | Director of Finance | November 2012 | 2 | This will be part of the responsibilities of the recently appointed Procurement Manager | As planned, the Procurement, Requisitions and Purchases procedures should be updated to reflect our comments and approved by the Finance and Resources Committee.

(Priority 3)

Updated Management Comment/ Implementation Date/Manager Responsible

Procurement policy currently being drafted, to be followed immediately by a review and update of the purchasing procedures to be completed by the procurement manager and finance team.

Dec'13 |

Area: Income Collections and Debtors (02.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.1	Consideration should be given to reviewing the processes for checking and banking of income received by cheque, postal order and credit/debit card to ensure that the most efficient process is in place. For example, the current checking performed by Registrations and Finance and the potential for a 'Cashier' role.	Priority 3	We agree that the way this process is currently handled is not the most efficient and consideration will be given to ways of eliminating the duplication of tasks.	October 2012	Director of Finance/Head of Registration	2	Management continue to review whether this role is required and/or whether there are more efficient processes.	Processes should be reviewed to ensure they are the most efficient possible. A decision should be reached on the Cashier role. (Priority 3)
								Updated Management Comment/ Implementation Date/Manager Responsible
								At present, resources in the Transactions team are heavily committed to testing and implementation of the NetRegulate project. Once this is complete we will focus on possible improvements in the banking process.

Area: Income Collections and Debtors (02.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.2	HCPC should seek a solution which does not involve staff staying late at month-end in order to ensure transactions are processed without any timing differences arising.	Priority 3	NetRegulate process changes are being developed by DSL to enable us to produce a monthly report to show exactly what is being processed at month end.	On Going	Head of Financial Accounting/ DSL	2	The NetRegulate project is on-going. The financial transaction reporting is in 'deployment 3' of the project plan.	As planned, this should form part of the NetRegulate project. (Priority 3)
								Updated Management Comment/ Implementation Date/Manager Responsible
								Included in deployment 3, underway and currently scheduled for completion in December 2013

Area: Income Collections and Debtors (02.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.3	As planned, a solution involving updating the NetRegulate system to automatically take account of these transactions should be implemented.	Priority 3	As part of the automated readmission project, reversal readmission charges will no longer be posted. This change will remove this issue.	Dec 12	Project team	2	The NetRegulate project is on-going. The financial transaction reporting is in 'deployment 3' of the project plan.	As planned, this should be included as part of the NetRegulate project. (Priority 3)
								Updated Management Comment/ Implementation Date/Manager Responsible
								Where a readmission form is received and processed within the one month window, the system has been changed as part of the automated admission project, which went live in Jan'13. Where a form is received within the one month window but processed outside of the month, a reverse requires to be posted. As part of the financial transaction project a report is being produced to enable us to identify these charges. This is due to go live in Dec'13.

Area: ICT Security (03.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.4	As planned, HCPC should review and update the Information Technology Policy held within the Employee Handbook to ensure it provides more detail on the use of USB data drives and reflects current technologies and policy on the use of IT.	Priority 3	The IT policy is being reviewed as part of the 2012-13 IT Work Plan.	In Progress	Director of I.T	2	The IT policy has yet to be approved and so is unpublished. The expected approval date is October 2013.	As planned, the draft policy should be approved and published. (Priority 3)
								Updated Management Comment/ Implementation Date/Manager Responsible
								IT policy will go to Council on 17 September 2013.

Area: ICT Security (03.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.5	HCPC should consider undertaking penetration testing from an internal perspective to provide a full assessment of the environment and confirm all internal controls are operating as expected.	Priority 3	Penetration testing from an internal perspective will be considered as part of the 2013-14 IT Work Plan.	In Progress	Director of I.T	2	This is included within agreed IT Work Plans and is scheduled for December 2013.	As planned, testing should be undertaken as part of the IT Work Plan for 2013/14. (Priority 3)
								Updated Management Comment/ Implementation Date/Manager Responsible
								As before, this work is in the IT work plan and scheduled for December 2013

Area: Education: Approvals & Monitoring (04.12/13)								
Orig Ref	**Original Recommendation**	**Original Category**	**Original Management Response**	**Impl'n Date**	**Manager Responsible**	**Status**	**Comments/ Implication**	**New Recommendation**
6.7	A standard approach regarding the acceptance of forms with or without signatures should be adopted. For example, whether the Record of Decision forms should be individually signed and a scanned copy retained, or whether a batch sign off may be more appropriate.	Priority 3	When reviewing a Record of Decision, it should be clear to an individual that a decision has been made by ETP. A review of the ETP procedures in relation to this observation will be undertaken by our Secretariat Department. A consistent approach will be adopted, which complies with our legal requirements, ensuring effective governance controls are maintained. In relation to forms used within the Education Department, a consistent approach to obtaining electronic signatures from stakeholders will be determined through the delivery of the major project.	Secretariat – March 2013 Education – March 2014	Secretariat Education	3	The ETP procedures have been reviewed and a consistent process has been adopted. In relation to the Education Department forms and the major project, it has been too early in the project to discuss this specific issue in any great detail as it is still in the initiation phase. The project will include the development and implementation of revised business processes which are fully supported within the new system (including a review of forms and business templates utilised).	As planned, the Education Department project should include the development and implementation of revised business processes which are fully supported within the new system (including a review of forms and business templates utilised). This should be set out in the Project Initiation Document. (Priority 3) **Updated Management Comment/ Implementation Date/Manager Responsible** Project Initiation Document is being prepared for presentation to EMT in September.

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