

**Agenda Item 10**

**Enclosure 7**

**Paper AUD 42/14**

**Audit Committee**

**09 October 2014**

**Internal audit progress report**

**For discussion**

**From Claire Amor, Secretary to the Committee**

Audit Committee, 9 October 2014

Internal audit progress report

Executive summary and recommendations

### **Introduction**

Mazars have prepared the attached report which sets out progress on the internal audit plan for 2014-15.

### **Decision**

The Committee is asked to discuss the report.

### **Background information**

At its meeting on 20 March 2014, the Committee approved the internal audit plan for 2014-15.

Internal audit reports for each completed audit are considered at committee meetings during the year.

### **Resource implications**

None.

### **Financial implications**

Mazars' annual fee for 2014-15 is £27,000.

### **Appendices**

Internal Audit Progress Report.

### **Date of paper**

1 October 2014



# Internal Audit Progress Report

For the year ended: 31 March 2015

Presented to Audit Committee Meeting of: 9 October 2014



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**Status of our reports**

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## 1. Introduction

- 1.1 The purpose of this report is to update the Audit Committee as to the progress in respect of the Operational Plan for the year ended 31 March 2015. The Plan was considered and approved by the Audit Committee at its meeting on 20 March 2014.

## 2. Summary of internal audit activity since the last Audit Committee meeting

- 2.1 In accordance with the agreed timetable for delivery of the Plan for 2014/15, there have been two reports finalised since the last meeting of the Audit Committee. These relate to ICT – DR NetRegulate (report reference 01.14/15) and Follow Up (02.14/15).
- 2.2 We have also completed the fieldwork for the audits of HR – Performance Management and Partners and draft reports shall be issued shortly. The fieldwork for the HR – Performance Management audit was deferred at the request of Management.
- 2.3 The fieldwork for the audit of Facilities Management has been deferred at the request of Management and a revised start date has been agreed. Terms of reference for the review have been agreed.

## 3. Key issues arising from the internal audit programme to date

- 3.1 The following table provides a summary of assurances and the number and categorisation of recommendations in reports finalised to date.

Ref	Auditable Area	Level of Assurance (If appropriate)	Recommendations				
			Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total	Total agreed by Management
01.14/15	ICT - DR NetRegulate	Substantial	-	1	-	1	1
02.14/15	Follow Up	Not Applicable	-	1	9	10	10
<b>Totals</b>			<b>0</b>	<b>2</b>	<b>9</b>	<b>11</b>	<b>11</b>
<b>%</b>			<b>0%</b>	<b>18%</b>	<b>82%</b>	<b>100%</b>	<b>100%</b>

3.2 We use the following levels of opinion and recommendation classifications within our audit reports:

<b>Recommendation Classifications</b>	<b>Description</b>
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.

<b>Levels of Opinion</b>	<b>Control Environment</b>	<b>Effectiveness of Controls</b>
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.

## 4. Comparison to Detailed Audit Timetable for 2014/15

Auditable Area	Target Review Start Date	Actual Review Start Date	Target Audit Committee	Actual Audit Committee	Comments
ICT – DR NetRegulate	21 July 2014	31 July 2014	September 2014	September 2014	See 2.1 above. Final report issued
Partners	22 September 2014	22 September 2014	November 2014	-	See 2.2 above.
Corporate Governance	19 January 2015	-	March 2015	-	
Project Management	1 December 2014	-	March 2015	-	
HR – Performance Management	21 July 2014	28 August 2014	September 2014	-	See 2.2 above.
Core Financial Systems	12 January 2015	-	March 2015	-	
Risk Management	19 January 2015	-	March 2015	-	
Facilities Management	23 July 2014	-	September 2014	-	See 2.3 above. Revised start date of 15 October 2014 agreed.
Follow Up	28 July 2014	28 July 2014	November 2014	September 2014	See 2.1 above. Final report issued.
Audit Management	Not applicable	Not applicable	Not applicable	Not applicable	