

THE HEALTH PROFESSIONS COUNCIL

Chief Executive and Registrar: Mr Marc Seale

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MINUTES of the fifteenth meeting of the Audit Committee held on **Wednesday 6 December 2006** at Park House, 184 Kennington Park Road, London SE11 4BU.

PRESENT: Mr P Acres (Chairman)
 Professor T Hazell
 Mr R Kennett
 Professor C Lloyd
 Mr D Proctor

IN ATTENDANCE:

Mr C Bendall, Secretary to the Committee
 Mr D Blacher, Baker Tilly
 Mr S Corbishley, National Audit Office
 Mr R Dunn, Director of Information Technology
 Mr S Ecroyd, National Audit Office
 Ms L Foster, Human Resources Director (part)
 Mr S Leicester, Director of Finance
 Ms N O'Sullivan, Secretary to the Council
 Mr D Ross, Accountant member - Finance and Resources Committee (Observer)
 Mr G Ross-Sampson, Director of Operations
 Mr M Seale, Chief Executive and Registrar
 Dr A van der Gaag, President
 Mr R Weighell, PKF (UK) LLP
 Mr M Wonnacott, PKF (UK) LLP

Item 1.06/86 APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

Item 2.06/87 APPROVAL OF AGENDA

2.1 The Committee approved the agenda, subject to including the following items as any other business:

- (1) Internal audit progress report; and
- (2) Internal audit report on the Human Resources Department (which had been included on the agenda for the private meeting).

Item 3.06/88 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 SEPTEMBER 2006

- 3.1 It was agreed that the minutes of the fourteenth meeting of the Audit Committee should be confirmed as a true record and signed by the Chairman.

Item 4.06/89 MATTERS ARISING

- 4.1 The Committee received a paper to note from the Executive.
- 4.2 The Committee noted the actions list as agreed at the last meeting.
- 4.3 In connection with action point 3, the Committee agreed that this should be amended to read that findings of ISO audits should be received from the Quality Manager at each meeting, rather than as an "ongoing" item.
- 4.4 In connection with action point 6, the Committee agreed that it would be appropriate for the HPC Risk Register to be included on the draft Council agenda twice a year, subject to agreement of the agenda by the President. The Council should be briefed on and should consider the main strategic risks in order to be able to satisfy themselves that they were being properly managed.

Item 5.06/90 CHAIRMAN'S REPORT

- 5.1 The Chairman reported that he had recently attended a meeting with the President and members of the Executive to discuss the Council's corporate governance and a series of papers was due to be considered by the Council on 14 December 2006.
- 5.2 The Chairman reported that he and Mr Kennett would hold an informal meeting with representatives of the National Audit Office after the Committee meeting.

Item 6.06/91 QUALITY MANAGER'S REPORT

- 6.1 The Committee received a report summarising quality management since the Council had gained ISO 9001:2000 registration in 2004. The report summarised quality audit information collated over the last quarter.
- 6.2 The Committee agreed that the report was of good quality and clearly demonstrated that the Council was committed to continuous review and improvement of its work. The Committee agreed that feedback from listening events should be inputted into the Council's quality management system and that the Quality Manager should discuss this with the Director of Communications.

Action: RB/JL (by 28 February 2007)

Item 7.06/92 FINANCIAL REGULATIONS

- 7.1 The Committee received a paper for discussion/approval from the Executive.
- 7.2 The Committee noted that the draft financial regulations attached to the paper had been prepared by the Executive with input from the Council's solicitor and parliamentary agent. The draft regulations replaced the standing financial instructions which had been agreed by the Council in November 2002.
- 7.3 The Committee noted that the draft regulations had been agreed by the Finance and Resources Committee on 20 November 2006, subject to several amendments made by that Committee.
- 7.4 The Committee agreed to the following amendments:
- Paragraph 9 should state that the Chief Executive was the Council's Accounting Officer and reported to Parliament. The Committee noted that the National Audit Office could provide suitable wording for the regulations.
- Action: Mr Ecroyd (by 31 December 2006)**
- There should be a statement that the Director of Finance was responsible for regularly reviewing the regulations. The Committee noted that PKF could provide suitable wording.
- Action: Mr Weighell (by 31 December 2006)**
- 7.5 The Committee agreed that the amended regulations should be presented to the next Audit Committee meeting for further discussion.
- Action: MJS (by 28 February 2007)**
- 7.6 The Committee noted that the Finance Manager's job title had recently changed to Director of Finance and that some papers had been prepared before this, using the old title.
- 7.7 The Committee noted that letters to Accounting Officers ("Dear Accounting Officer" letters) were available on the H.M. Treasury website. The Committee noted that the Chief Executive and Registrar had asked that he should be added to the Treasury's circulation list for letters to Accounting Officers, but this had apparently not been actioned by the Treasury. It was agreed that a request for the Chief Executive and Registrar to be added to the treasury list should be made in writing.

Item 8.06/93 MODEL AGENDA FOR THE AUDIT COMMITTEE

- 8.1 The Committee received a paper for discussion/approval from the Executive.
- 8.2 The Committee noted that at its meetings on 28 June 2006 and 26 September 2006, it had considered details of business for each meeting during the year. Further amendments made on 26 September 2006 had been incorporated into the paper.
- 8.3 The Committee noted that it would receive both an internal audit progress report and any finalised internal audit reports at each meeting.
- 8.4 The Committee agreed the timetable of business set out in the paper.

Item 9.06/94 TRAINING FOR THE AUDIT COMMITTEE 2007

- 9.1 The Committee received a paper for discussion/approval from the Executive.
- 9.2 The Committee noted that, at its meeting on 12 June 2006, it had agreed that it should receive annual training on aspects of its work.
- 9.3 The Committee agreed that the next training session should be held on the afternoon of 28 February 2007 and agreed the content of the training as set out in the paper, subject to any further requests for amendments from members.

Action: CB (by 28 February 2007)

Item 10.06/95 2006/07 YEAR END REPORTING TIMETABLE

- 10.1 The Committee received a paper to note from the Executive.
- 10.2 The Committee noted that, at its meeting on 26 September 2006, it had received the timetable for preparation of the 2006-7 annual report and accounts.
- 10.3 The Committee noted that, following agreement of the timetable, the Executive had prepared an operational timetable which described the action required at each stage and the party or parties responsible.
- 10.4 The Committee noted that the Director of Finance, the Director of Communications and the Secretary to the Council were responsible for different aspects of the timetable (namely financial statements/ management commentary; production of the annual report; liaison with the Privy Council/filing of the company return, respectively). The Committee discussed contingency planning if the Director of Finance

was unavailable during preparation of the annual report and accounts. The Committee noted that this could be covered by work by the external auditor or by hiring temporary employees. The Chairman asked who was responsible and accountable for ensuring that the whole process and timetable was followed and that HPC fulfilled all its obligations. The Chief Executive said that he was responsible and accountable for this being delivered.

- 10.5 The Committee noted that Baker Tilly and the National Audit Office felt that the timetable was realistic.
- 10.6 The Committee noted that the Secretary to the Council would be the contact point for any minor amendments requested by Baker Tilly and the National Audit Office after the annual report and accounts had been considered by the Council.

Item 11.06/96 ANY OTHER BUSINESS

- 11.1 The Committee received a tabled paper, giving a progress report on internal audit work by PKF.
- 11.2 The Committee noted that the final report on the Human Resources Department had concluded that control in this area was satisfactory.
- 11.3 The Committee noted that the draft report on Corporate Governance and Risk Management had concluded that control was satisfactory in most respects. The Committee noted that the report had indicated that risk management systems were at a relatively early stage of development.
- 11.4 The Committee noted that the draft report on the Information Technology (IT) Service Level Agreement indicated that IT support was satisfactory in most respects and that back up and disaster recovery was satisfactory. Contract management was satisfactory, except for the LISA registration system where part of the application was unsupported.
- 11.5 The Committee noted that PKF intended to carry out the additional fieldwork on Information Technology, which had been requested by the Committee on 26 September 2006, after finalising the outstanding IT report.
- 11.6 The Committee noted that, although fieldwork on the Corporate Governance and IT reports had been completed in September, the final reports were not yet available. The Committee agreed that finalised internal audit reports, once available, should be circulated to members electronically.

Action: PKF (Ongoing)

- 11.7 The Committee agreed that the Chairman and Mr Kennett should meet representatives of PKF to discuss the Committee's concerns and to discuss what action could be taken by the HPC to facilitate internal audit.

Action: Chairman/Mr Kennett (by 31 December 2006)

- 11.8 The Committee agreed that internal audit reports should normally be considered as part of the public agenda. The Committee agreed to take the internal audit report on the Human Resources Department as an item of any other business.
- 11.9 The Committee noted that the previous internal audit of the Human Resources Department by the former auditors had concluded that controls appeared deficient. A high number of recommendations had been made to improve controls. The review by PKF had established that all recommendations had been addressed and the overall rating was "satisfactory". The Committee noted that a "sound" rating was normally given if it could be demonstrated that controls had operated for a sustained period of time.
- 11.10 The Committee noted that the report recommended that adequate evidence of entitlement to work in the UK should be obtained for all new employees and a copy of the evidence retained on file. The Committee noted that this related to one instance where no evidence was on file. The Committee noted that the Department had since obtained the necessary evidence and had reviewed all employee files to ensure that evidence was retained.
- 11.11 The Committee noted that "satisfactory" was used in various sections of the report but was not used in the same sense as the overall definition of "satisfactory".
- 11.12 The Committee noted that the management response had not been included in the report and asked that this should be done for all future internal audit reports.

Action: PKF (Ongoing)

- 11.13 The Committee agreed that the HPC should aim for the highest possible rating in all areas of its work and to facilitate this, PKF should provide guidance on best practise in future reports.

Action: PKF (Ongoing)

- 11.14 The Committee thanked Ms Foster for her hard work in improving controls in the Human Resources Department.

Item 12.06/97 DATE AND TIME OF NEXT MEETING

12.1 The next meeting of the Committee would be held at 10.30 a.m. on Wednesday 28 February 2007.

12.2 Subsequent meetings would be held at 10.30 a.m. on:

Tuesday 26 June 2007

Tuesday 25 September 2007

Wednesday 5 December 2007

Wednesday 27 February 2008

Thursday 26 June 2008

CHAIRMAN

DATE