

Audit Committee 27 February 2008

Internal audit progress report

Executive summary and recommendations

Introduction

Jon Dee of PKF has prepared the attached report which sets out progress on internal audit. This is the final progress report covering the Internal Audit Plan for 2007-8.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 27 March 2007, the Committee approved the Internal Audit Plan for 2007-8. Internal audit reports for each completed audit are considered at committee meetings during the year.

Resource implications

None.

Financial implications

None.

Appendices

Internal Audit Progress Report.

Date of paper

13 February 2008.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2008-02-13	a	ADT	PPR	Executive summary internal audit progress report Audit Committee 27 February 2008	Final DD: None	Public RD: None

Health Professions Council

Internal Audit

Audit Committee Progress Report – 2007/08

15th February 2008



Accountants &
business advisers

Introduction

This report summarises the progress that we have made with the 2007/08 internal audit programme and the results arising from the reviews that we have undertaken in the period since we last presented our findings to the Audit Committee.

Overview of progress

We are pleased to note that we have completed our audit programme in accordance with the timetable approved by the Audit Committee in February 2007.

Total planned audit days for 2007/08	47 days
Target audit days to be completed by 15 th February 2008	46 days
Actual audit days completed as at 15 th February 2008	46 days
Remaining audit days to be completed	1 day
Completion and presentation of our annual report	1 day
Data security additional project completed	5 days

We wish to thank all members of staff for their availability, co-operation and assistance during the course of the reviews undertaken during this period.

Implications for governance

No significant control failures have been identified from the audits carried out to date.

Summary of the results of the audits undertaken to 15th February 2008

Review Outline	Progress/Conclusions	STATUS
<p data-bbox="188 387 654 496">Business Continuity Planning and Disaster Recovery Planning : 3 audit days</p> <p data-bbox="188 539 654 767">Assessment of non IT business continuity arrangements and disaster recovery arrangements with a focus on premises and staff availability issues and the ability to respond to major incidents.</p> <p data-bbox="188 810 456 839">The review examined :</p> <ul data-bbox="232 871 654 1134" style="list-style-type: none"><li data-bbox="232 871 654 975">• Risk assessment processes for business-critical elements at a corporate level;<li data-bbox="232 1007 654 1078">• Adequacy of response planning; and<li data-bbox="232 1110 524 1134">• Adequacy of testing.	<p data-bbox="680 387 965 416">Opinion – Satisfactory</p> <p data-bbox="680 539 1330 568">Previously reported to the June 2007 Audit Committee.</p>	<p data-bbox="1935 387 2018 416">FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>External Communications : 6 audit days</p> <p>Assessment of the arrangements for managing the quality, timeliness and consistency of external communications, focusing on communications with registrants and with the public (under Article 3 (13)). This will consider the risks involved, how the required communications are delivered and the effectiveness of the monitoring of performance in these areas.</p>	<p>Opinion - Satisfactory in most respects</p> <p>Previously reported to the September 2007 Audit Committee.</p>	<p>FINAL</p>
<p>Fitness to Practise – Phase II : 3 audit days</p> <p>Follow up of the audit recommendation from our 2006/07 review and specific consideration of the management of the implementation of the new FTP database.</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to the September 2007 Audit Committee.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>Financial Systems: 13 audit days</p> <p>Review and testing of the controls over the main financial systems and follow up of agreed actions from the 2006/07 review. This covered project financial management, payroll, budgetary control, ledger management, asset management, income, including forecasting, billing, recovery and recognition, purchasing and payments, travel and subsistence and cash management including cash flow management, banking and reporting.</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to the December 2007 Audit Committee.</p>	<p>FINAL</p>
<p>New Building Project: 2 audit days</p> <p>The review revisited the arrangements for managing the project and sought to confirm that the key project controls were continuing to operate.</p>	<p>Opinion – Satisfactory in most respects</p> <p>Previously reported to the December 2007 Audit Committee.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>IT review – Laptop controls: 2 audit days</p> <p>Assessment of arrangements for laptop encryption and anti-theft arrangements and software licensing.</p>	<p>Opinion – Sound</p> <p>Previously reported to the December 2007 Audit Committee.</p>	<p>FINAL</p>
<p>Registrations: 5 audit days</p> <p>Review and testing of the controls within the Registrations function. This will cover the risk management arrangements, performance management arrangements and operational controls relating to registrations.</p>	<p>Opinion – Satisfactory</p> <p>Our sample testing indicated that recorded registrations were appropriately supported by the evidence required by the HPC's registration procedures and in our view, the detailed documentation required and the embedded checks within the LISA database should enable the HPC to mitigate the risk of fraudulent applications effectively.</p> <p>The internal quality controls and checks that the Department have recently introduced will also strengthen quality assurance and deliver best practice in testing data input onto the Register. However, we raised a recommendation in relation to this matter as the findings of these controls and checks should be continually recorded and reviewed to monitor trends.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>Corporate Governance and Risk Management: 5 audit days</p> <p>Annual assessment of the corporate governance arrangements for the Health Professions Council. This year's review will focus on the development and use of risk management and follow up of action on the issues identified in the year one review.</p>	<p>Opinion – Sound</p> <p>Based on the audit work carried out we concluded that the HPC's governance and risk management arrangements were sound, although these arrangements will inevitably need to be amended should the proposed legislative changes included in the consultation on the Health Care and Associated Professions (Miscellaneous Amendments) No 2 Order 2008 take effect.</p> <p>The most immediate impact of this upon the HPC's governance has related to the election arrangements for Council members for 2008, which would not be required if the new Order comes into force. The HPC has taken (and is following) legal advice regarding the most appropriate way of addressing this matter.</p> <p>Further steps, including a reduction in the number of Council members will also need to be taken during 2008/09 to respond to the new Order. We note that the HPC has already begun to make the necessary plans to address this matter too.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>IT review – Data security additional review: 5 audit days</p> <p>Since the Director of Operations has undertaken his own detailed review of the HPC's arrangements with advice from all of the key managers involved with data security, it was agreed that the best use of PKF's resource would be to review the arrangements specified in the report from the Director of Operations presented to the last meeting of the Audit Committee.</p>	<p>Opinion – Satisfactory</p> <p>Based on the audit work carried out we concluded that the HPC's data security arrangements were satisfactory and we concur with the proposed enhancements to the control framework that are being considered by the Director of Operations.</p> <p>We believe that there is scope for improving the assurances received from third parties in relation to the controls in place at their premises to ensure that access to sensitive data is restricted. We have therefore raised three medium priority recommendations, which are aimed at ensuring that the HPC meets best practice in relation to this area.</p> <p>In our view, there may also be scope for enhancing controls over the removal of fitness to practise case files from Park House. We have therefore raised a further recommendation in relation to the policies and procedures covering access to these files.</p> <p>Nevertheless, whatever controls any organisation puts into place to manage its data security risks there will always be a possibility that a rogue or careless individual will bypass or ignore procedures.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 15th February 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>New Building Project: additional follow up paper: 2 audit days from contingency</p> <p>The review revisited the arrangements for managing the project since the last meeting of the Audit Committee and sought to confirm that the key project controls were continuing to operate.</p>	<p>Opinion – Satisfactory in most respects</p> <p>Based on our review, we have concluded that management has strengthened the contract management arrangements and is actively seeking to enforce the agreed timetable with the contractor. Nevertheless, there is a strong possibility that the contractor will fail to meet the revised timetable and further slippage will arise, in spite of the efforts of management.</p> <p>In our last report to the Committee in November 2007, we noted that contingency plans were being put into place with the landlord of the premises next door to provide additional space to the HPC in the short term. These arrangements will need to be confirmed in the near future, to ensure that the organisation still has access to the premises that it requires in the event that the mid- March occupation date is not achieved.</p>	<p>FINAL</p>