

Audit Committee 26 September 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 second progress report covering the internal audit plan for 2008-9.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 27 February 2008, the Committee approved the internal audit plan for 2008-9. Internal audit reports for each completed audit are considered at committee meetings during the year.

In accordance with the approved internal audit plan, no internal audits were scheduled for the second quarter of 2008-9. Following discussion with the Executive, PKF recommended that the follow-up on previous recommendations should be moved from the third quarter of the financial year to the second quarter. On 15 August 2008, an e-mail proposing this amendment was sent to members of the Committee. There was unanimous agreement to the proposed amendment.

Resource implications

None.

Financial implications

None.

Appendices

Internal Audit Progress Report.

Date of paper

11 September 2008.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2008-07-10	a	ADT	PPR	Executive summary internal audit progress report Audit Committee 26 September 2008	Final DD: None	Public RD: None

Health Professions Council

Internal Audit

Audit Committee Progress Report – 2008/09

16th September 2008



Accountants &
business advisers

Introduction

This report summarises the progress that we have made with the 2008/09 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 the audit programme is progressing steadily and delivery is ahead of the timetable approved by the Audit Committee in February 2008.

Total planned audit days for 2008/09	47 days
Target audit days to be completed by 16 th September 2008	15 days
Actual audit days completed as at 16 th September 2008	20 days
Remaining audit days to be completed	27 days
Quarter three projects	18 days
Quarter four projects	7 days
Contingency	2 days

We wish to thank all HPC employees 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 16th September 2008

Review Outline	Progress/Conclusions	STATUS
<p>Approvals and Monitoring processes : 8 audit days</p> <p>Assessment of the arrangements for managing and monitoring the performance of education providers including provider visits, data monitoring. The review specifically covered the controls in place to manage the high priority risk identified by the HPC- 7.3 Inability to manage education provider visits.</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to June 2008 Audit Committee.</p>	<p>FINAL</p>
<p>Registrants' CPD implementation: 4 audit days</p> <p>Review of the planning and management controls to ensure that the new processes for registrants' CPD are in place and operational in accordance with the HPC's planned timetable.</p>	<p>Opinion – Sound</p> <p>Previously reported to June 2008 Audit Committee.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 16th September 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>Follow up: 3 audit days</p> <p>Follow up of the extent that our previous recommendations have been implemented in full. Some examples of past reviews where recommendations have been raised include: communications, registration, fitness to practise, IT, governance and finance.</p> <p>At the request of the June meeting of the Audit Committee we have also followed up the recommendations raised by Baker Tilley following the 2007/08 financial statements audit.</p>	<p>Opinion – Satisfactory</p> <p>There were a total of thirteen recommendations raised by PKF during 2007/08. No recommendations have so far been raised as a result of the 2008/09 programme. We were pleased to note that all of our recommendations have been implemented.</p> <p>Baker Tilley raised six recommendations following their audit of the HPC's financial statements. At the time of our review in early September all but one of these recommendations had been implemented or were in hand and scheduled to be completed shortly. The reconciliation of the HPC's investments to the Investment Manager's report is a year end exercise that will be undertaken after 31st March 2009.</p> <p>Two recommendations were being implemented later than originally scheduled. These related to the LISA reconciliation and password protection of the income analysis model spreadsheet. We understand that these were delayed due to pressures upon the HPC's Finance Team arising from the implementation of new systems. However, we understand that these matters will be addressed by 30th September 2008.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 16th September 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p>IT review – online applications and renewals projects: 6 audit days</p> <p>Assessment of arrangements for planning managing and delivering these projects within the agreed timescale and budget, whilst ensuring the IT risks in relation to data security and network integrity are effectively managed.</p>	<p>Quarter Three Review</p>	<p>Quarter 3</p>
<p>Financial systems : 10 audit days</p> <p>Review and testing of the controls over the main financial systems. This will cover the core areas of:</p> <ul style="list-style-type: none"> • 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>Quarter Three Review</p>	<p>Quarter 3</p>

Summary of the results of the audits undertaken to 16th September 2008 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p data-bbox="191 435 772 500">Corporate Governance and Risk Management : 8 audit days</p> <p data-bbox="191 540 814 605">Annual assessment of the corporate governance arrangements for the Health Professions Council.</p> <p data-bbox="191 646 814 784">This year's review will also focus upon the arrangements that are being put into place to manage the implementation of the new Health Care and Associated Professions Order.</p> <p data-bbox="191 824 814 963">The review will specifically cover the controls in place to manage the high priority risk- 4.10 Member recruitment problem (with the requisite skills) linked to likely changes in the composition of Council.</p>	<p data-bbox="840 435 1087 459">Quarter Four Review</p>	<p data-bbox="1793 435 1902 459">Quarter 4</p>