

Audit Committee 29 September 2009

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 2009-10.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 26 February 2009, the Committee approved the internal audit plan for 2009-10. Internal audit reports for each completed audit are considered at committee meetings during the year.

Each committee meeting during the year also receives a progress report on internal audit.

The Committee will be asked to consider the internal audit plan for the 2010-11 financial year at its meeting in February 2010.

Resource implications

None.

Financial implications

None.

Appendices

Internal Audit Progress Report.

Date of paper

18 August 2009.

Date	Ver.	Dept/Cmte	Doc Type	Title	Status	Int. Aud.
2009-08-18	a	ADT	PPR	Executive summary internal audit progress report Audit Committee 29 September 2009	Final DD: None	Public RD: None

Health Professions Council

Internal Audit

Audit Committee Progress Report – 2009/10

11th September 2009



Accountants &
business advisers

Introduction

This report summarises the progress that we have made with the 2009/10 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 in line with the timetable approved by the Audit Committee in February 2009.

Total planned audit days for 2009/10	47 days
Target audit days to be completed by 11 th September 2009	17 days
Actual audit days completed as at 11 th September 2009	19 days
Remaining audit days to be completed	28 days
Quarter three projects	18 days
Quarter four projects	8 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 11th September 2009

Review Outline	Progress/Conclusions	STATUS
<p>Employees' health & safety : 6 audit days</p> <p>Our review covered the key aspects of health & safety management including risk assessments, policies and procedures, incident reporting and insurances. The review specifically considered the arrangements for managing the priority risk 11.5 Health & Safety of employees</p>	<p>Opinion – Satisfactory</p> <p>Previously reported to June 2009 Audit Committee.</p>	<p>FINAL</p>
<p>Fitness to practice: 8 audit days</p> <p>The review will be focusing upon the higher level controls within the department, specifically in relation to the management of the HPC's investigation processes and the underlying management information available. High priority risks covered will include: 13.2 Legal challenge to HPC operations, 13.3 Tribunal exceptional costs.</p>	<p>Opinion – Satisfactory</p> <p>Failure to put into place procedures that are consistent with legal requirements and to comply with these procedures when managing fitness to practise cases may leave the HPC exposed in the event of a legal challenge. Failure to keep legal costs under control and exceptional costs to a minimum could have a significant impact upon the HPC's finances.</p> <p>Based on the audit work carried out we concluded that the HPC's arrangements for managing its key risks in relation to fitness to practise were satisfactory and operating effectively at the time of our review. We noted that most aspects of the arrangements were sound and met best practice. However, the ISO quality assurance process needs to be (and is being) enhanced so that the audit provides the level of assurance required to meet best practice in full.</p>	<p>FINAL</p>

Summary of the results of the audits undertaken to 11th September 2009 (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: registration, IT, governance and finance.</p>	<p>Quarter Three Review</p> <p>Report to be presented to December 2009 Audit Committee.</p>	<p>Quarter 3</p>
<p>IT review – online renewals project: 6 audit days</p> <p>To follow up on our initial review of this project our work will specifically focus upon the system testing and implementation phase of the project.</p> <p>The review will specifically consider the arrangements for managing the priority risks - 5.1 Software virus damage, 8.6 on-line renewals 17.1 electronic record data security, 17.3 data held by third parties, 17.4 data received from third parties.</p>	<p>Quarter Three Review</p> <p>Report to be presented to December 2009 Audit Committee.</p>	<p>Quarter 3</p>

Summary of the results of the audits undertaken to 11th September 2009 (cont.)

Review Outline	Progress/Conclusions	STATUS
<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>Report to be presented to December 2009 Audit Committee.</p>	<p>Quarter 3</p>

Summary of the results of the audits undertaken to 11th September 2009 (cont.)

Review Outline	Progress/Conclusions	STATUS
<p data-bbox="197 387 819 459">Corporate Governance and Risk Management : 6 audit days</p> <p data-bbox="197 501 869 572">Annual assessment of the corporate governance arrangements for the Health Professions Council.</p> <p data-bbox="197 614 869 847">The review will specifically cover the controls in place to manage the high priority risks - 2.2 rapid increase in registrants numbers, 4.2 Council members conflict of interest, 4.4 Failure to meet Council and Committee quorums and 4.12 Operationalisation of section 60 legislation</p>	<p data-bbox="887 387 1155 416">Quarter Four Review</p> <p data-bbox="887 501 1536 529">Report to be presented to June 2010 Audit Committee.</p>	<p data-bbox="1908 387 2029 416">Quarter 4</p>