

Audit Committee, 13 March 2013

Internal Audit Strategy Update and Operational Plan 2013/14

Executive summary and recommendations

Introduction

The internal audit plan for 2013-14 is attached for the Committee's consideration.

Decision

The Committee is asked to discuss and approve the internal audit plan and provide guidance on it, as appropriate.

Background information

Mazars were appointed as internal auditors with effect from 1 April 2011. The letter of engagement for their services was approved by the Committee at its meeting on 29 September 2011.

The Executive Management Team has considered the internal audit plan. Internal audit work has been planned to take account of other work commitments during the year.

Resource implications

None.

Financial implications

Mazars currently charge a daily rate of £430.46 (excluding VAT) and, in accordance with their original proposal and letter of engagement, would apply an annual uplift to this based on the annualised increase in the Retail Price Index at the end of March 2013 (the exact figure being released in April).

The total fee will be the number of agreed days in the plan multiplied by the daily rate.

Appendices

Internal Audit Strategy Update and Operational Plan 2013/14.

Date of paper

1 March 2013.



Internal Audit Strategy Update and Operational Plan 2013/14

Report to the Audit Committee –
13 March 2013

CONTENTS

		Page
1.	Introduction	1
2.	The Scope and Purpose of Internal Audit	1
3.	The updated Internal Audit Strategy and Operational Plan	1
4.	Fees	2

Appendices

Appendix A	Operational Audit Plan 2013/14
Appendix B	Summary of Operational Audit Plan for 2013/14 by target review start date
Appendix C	Updated Internal Audit Strategy
Appendix D	Audit approach

If you should wish to discuss any aspect of this report, please contact, Graeme Clarke, Director, graeme.clarke@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk

Status of our reports

This report has been prepared for the Health and Care Professions Council.

Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein.

1. Introduction

Our Internal Audit Strategy is subject to review on at least an annual basis to ensure it meets the needs of the organisation including taking account of any areas of new and emerging risk within the Risk Register, etc.

The purpose of this document is to provide the Audit Committee with an updated Strategy and an Operational Plan for the 2013/14 financial year.

Following consideration by the Audit Committee, subject to any changes, a detailed timetable for the audit areas will be prepared and agreed with the Management Team to enable the efficient and effective delivery of the audits during the year.

2. The Scope and Purpose of Internal Audit

Government Accounting standards requires Accounting Officers to make provision for internal audit in accordance with Government Internal Audit Standards (GIAS). Within HCPC, the Chief Executive and Registrar is the Accounting Officer and has responsibility for maintaining a sound system of internal control.

The purpose of internal audit is to provide the Council, through the Audit Committee, and the Chief Executive and Registrar (as Accounting Officer) with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving HCPC's agreed objectives.

This opinion forms part of the framework of assurances that is received by HCPC and should be used to help inform the annual Statement on Corporate Governance and Internal Control. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Our professional responsibilities as internal auditors are set out within Government Internal Audit Standards (GIAS) which have been aligned with the Global Institute of Internal Auditors International Professional Practices Framework (IPPF) which includes International Standards for the Professional Practice of Internal Auditing.

From the 1 April 2013, a new set of Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board will be adopted. These will replace existing sector specific codes such as GIAS in Central Government in addition to those for the NHS and Local Government.

3. The Updated Internal Audit Strategy and Operational Audit Plan

This update has been informed by:

- Discussion with the Chief Executive and Registrar, Interim Finance Director and Secretary to the Council;
- Feedback from the Management Team;
- Review of the latest Risk Register (July 2012);
- the results of our internal audit work during 2012/13; and
- Issues arising from our work with other clients.

The main change to the Strategy and Plan has been in response to changes in the HCPC Risk Register since last year. These include generic changes such as the name change from HPC to HCPC, changing CHRE to PSA and updating the overarching Order to which HCPC works from HPO to HSWPO. In addition, risks added and removed (specifically, Risks 2.13, 7.6, 8.12, 15.24) as well as the risk score / assessment. None of these changes have led to changes to the proposed areas of coverage for 2013/14.

A new potential audit area relating to the Social Work Student Suitability Scheme has been added to the 'Other Considerations' section of the Strategy as this represents a new area/process for HCPC. Complaints has also been included an area under 'Other Considerations' recognising this process is being transferred to the Secretariat during 2013/14.

Details of the Plan for 2013/14 are in Appendix A. This includes an outline scope and timescale for reporting to the Audit Committee. Appendix B provides a summary of the Plan by target review date.

Appendix C provides the Updated Internal Audit Strategy. This has been updated to reflect changes in the Risk Register since preparation of the Plan for 2012/13 as well as the result of our work during the year.

Appendix sets out the type of audit approach we will undertake for the areas within the Plan.

4. Fees

In accordance with our original proposal and letter of engagement, the basis of charging for our work with HCPC is a daily rate, including expenses, but excluding VAT. This rate is subject to an annual uplift based on the annualised increase in the Retail Price Index at the end of March each year (the exact figure being released in April). The total fee will be the number of agreed days in the plan multiplied by the daily rate.

The rate for 2012/13 is £430.46 including expenses, but excluding VAT. Based on a total input of 45 days (including contingency days) the total cost is £19370.70 including expenses but excluding VAT.

**Mazars LLP
February 2013**

Appendix A – Operational Audit Plan 2013/14 (Note – presented on the basis of the order of areas in the Updated Strategic Audit Plan in Appendix C)

Auditable Area	Executive Team Contacts	Outline Scope	Audit Approach	Planned Days	Target Review Start Date	Target Management Team Meeting	Target Audit Committee
Risk Based Considerations							
Disaster Recovery / Business Continuity Planning	Director of Operations	Review of HCPC's disaster recovery / business continuity arrangements.	Systematic	4	16 September 2013	October 2013	28 November 2013
Stakeholder Communications	Director of Communications	Review of HCPC's processes for identifying stakeholders and communicating with these.	Systematic	6	11 November 2013	December 2013	March 2014
Corporate Governance	Secretary to the Council	Review of HCPC's corporate governance arrangements. Specific focus to be agreed. #To be undertaken as a combined review with Risk Management.	Key Controls	2#	27 January 2014	February 2014	March 2014
Project Management	Director of Operations	Resources for the review of the administration and management of major projects. Specific project and focus to be agreed however could include new project costings processes.	Systematic	5	9 December 2013	January 2014	March 2014
HR – Recruitment, Retention and Succession Planning	Director of Human Resources	Review of HCPC's arrangements for the recruitment of employees. This will also consider processes for staff retention	Systematic	4	2 December 2013	January 2014	March 2014

Auditable Area	Executive Team Contacts	Outline Scope	Audit Approach	Planned Days	Target Review Start Date	Target Management Team Meeting	Target Audit Committee
		and succession planning. Scope and timing subject to current project to implement a new HR system.					
Health and Safety	Director of Operations	Consideration of HCPC's arrangements for ensuring the health and safety of its staff, visitors and Council members.	Key Controls	3	13 January 2014	February 2014	March 2014
Core Financial Systems	Director of Finance	Reviews of key controls for budget-setting and control, asset management and general ledger (covered under 'other considerations within Strategy')	Key Controls	7	19 August 2013	September 2013	26 September 2013
			Subtotal (1)	31			
Other Considerations							
Risk Management	Director of Operations	Consideration of HCPC's risk management framework. Specific focus to be agreed. #To be undertaken as a combined review with Corporate Governance.	Key Controls	2#	27 January 2014	February 2014	March 2014
Follow Up	Management Team	Resources to assess progress in implementing internal audit recommendations from previous years.	Follow Up	3	1 July 2013	August 2013	26 September 2013

Auditable Area	Executive Team Contacts	Outline Scope	Audit Approach	Planned Days	Target Review Start Date	Target Management Team Meeting	Target Audit Committee
Audit Management	Chief Executive	Resources for management of contract.	Not applicable	6	Not applicable	Not applicable	Not applicable
Contingency	Subject to nature of request	Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by Management and the Audit Committee.	Subject to nature of request	3	As completed	As completed	As reported
Subtotal (2)				14			
TOTAL DAYS				45			

Appendix B - Summary of Operational Audit Plan for 2013/14 by target review start date

Target Review Start Date	Auditable Areas	Audit days	Target Management Team meeting	Target Audit Committee
1 July 2013	Follow Up	3	August 2013	September 2013
19 August 2013	Core Financial Systems	7	September 2013	September 2013
16 September 2013	Disaster Recovery / Business Continuity Planning	4	October 2013	November 2013
11 November 2013	Stakeholder Communications	6	December 2013	March 2014
2 December 2013	HR – Recruitment, Retention and Succession Planning	4	January 2014	March 2014
9 December 2013	Project Management	5	January 2014	March 2014
13 January 2014	Health and Safety	3	February 2014	March 2014
27 January 2014	Corporate Governance and Risk Management	4	February 2014	March 2014
Not applicable	Audit Management	6	Not applicable	Not applicable
As completed	Contingency	3	As completed	As completed

Appendix C - Updated Strategic Audit Plan

Risk Based Considerations (Based on Risk Register - July 2012)

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
1.6	Failure to abide by current Equality & Diversity legislation	Equality and Diversity	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. E&D Scheme and Working Group in place. E&D processes monitored within internal quality audits. Not previously subject to specific internal audit coverage. 	-	-	-	-
2.1	Inability to occupy premises or use interior equipment	Disaster Recovery / Business Continuity Planning	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. Annual tests conducted, including offsite at third party facility (3 days in 2010/11). Previous Internal Audit review of BCP in 2010/11, 'Sound to date' opinion provided. 	-	-	4	<i>Subject to Follow Up review</i>
2.4	Inability to communicate via postal services (e.g. Postal strikes)		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				
2.5	Public transport disruption leading to inability to use Park House		<ul style="list-style-type: none"> Gross risk score of 20 / Red risk. 				
2.6	Inability to accommodate HCPC Employees		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				
2.7	Interruption to electricity supply		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				
2.10	Telephone system failure causing protracted service outage		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				
2.11	Basement flooding		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
2.12	Significant disruption to UK transport network by environmental extremes e.g. snow, rain, ash, civil unrest or industrial action.	<i>See Disaster Recovery / Business Continuity Planning above.</i>	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 	<i>See Disaster Recovery / Business Continuity Planning above.</i>			
5.4	Failure of IT Continuity Provision		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				
15.21 (15.2)	Financial distress of trade suppliers causes loss of service		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				
3.2	Loss of support from Key Stake holders including professional bodies, employers or government	Stakeholder Communications	<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. Complaints process moving to Secretariat. Previous Internal Auditors undertook review of this area 2010/11. Opinion 'Sound to date' provided. 	-	-	6	<i>Subject to Follow Up review</i>
4.2	Council members conflict of interest	Corporate Governance	<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. Governance administration and support to Council etc by Secretariat. In order to add value to the organisation, we will adapt our approach each year. For instance, a review of overall framework in 201/12. # In years 2 and 3 to be undertaken as combined exercise with Corporate Governance for ease of reporting. Internal Audit 2012/13, 'Substantial' assurance provided. 	√	√#	2# <i>NB Risk 4.9 to be included under H&S Audit below.</i>	2#
4.4	Failure to meet Council/Committee quorums		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
4.8	Improper financial incentives offered to Council members/employees		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
4.9	Failure to insure the Health & Safety of Council Members		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
4.10	Member recruitment problem (with the requisite skills)	<i>See Corporate Governance above.</i>	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 	<i>See Corporate Governance above.</i>			
4.11	Expense claim abuse by members		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
4.12	Operationalise Section 60 legislation		<ul style="list-style-type: none"> Gross risk score of 10 / Medium risk. 				
5.1	Software Virus damage	ICT - Security	<ul style="list-style-type: none"> Gross risk score of 20 / Red risk. HCPC currently working towards ISO 27001 accreditation. Internal Audit 2012/13, 'Substantial' assurance provided. 	-	√	<i>Subject to follow up</i>	-
5.3	IT fraud or error		<ul style="list-style-type: none"> Gross risk score of 9 / Medium risk. 				
5.5	Malicious damage from unauthorised access		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
6.1	Inability to recruit/and or retain suitable Partners	Partners	<ul style="list-style-type: none"> Gross risk score of 9 (was 16) / Medium Risk (was Red). Impact on a number of areas of HCPC operations, roles and responsibilities shared across departments. Internal Audit 2011/12, 'Substantial' assurance provided. 	√	√ (Follow Up)	-	5
6.2	Incorrect interpretation of law and/or SI's resulting in PSA review		<ul style="list-style-type: none"> Gross risk score of 8 (was 10) / Medium risk. 				
6.3	Health & Safety of Partners		<ul style="list-style-type: none"> Gross risk score of 6 (was 8) / Medium risk. 				
6.4	Partners poor performance		<ul style="list-style-type: none"> Gross risk score of 12 (was 16) / Red risk. 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
6.5	Incorrect interpretation of HSWPO in use of Partners		<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. 				
6.6	Adequate number and type of partner roles		<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. 	-	-		
6.7	User dependants using non active partners		<i>See Partners above.</i>	<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. 	-	-	<i>See Partners above.</i>
7.1	Failure to detect low education providers standards	Education – Approvals and Monitoring processes	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. Internal Audit review 2012/13, 'Substantial' assurance provided. 	-	√	<i>Subject to follow up</i>	-
7.3	Inability to conduct visits and monitoring tasks		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
7.6	Loss or significant change to funding, commissioning and placement opportunities for approved programmes		<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. New risk during 2012/13. 				
7.5	Education database failure	ICT – Backup and recovery processes	<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. Previous Internal Audit review of BCP in 2010/11, 'Sound to date' opinion provided. 	-	-	-	3
10.2	Protracted service outage following a NetRegulate Registration system failure		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. 				
2.2	Rapid increase in registrant numbers.	Project Management	<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. Projects team manage major projects within HCPC. Specific project to be audited to be determined in conjunction with Audit Committee and Executive. Internal Audit review 2012/13. 	√	√	5	5
8.1	Fee change processes not operational by April 2011		<ul style="list-style-type: none"> Gross risk score of 9 / Medium risk. 				
8.9	Failure to deliver a strategic view of FTP Case Management		<ul style="list-style-type: none"> Gross risk score of 9 / Medium risk. 				
8.11	Failure to successfully open the Counsellors and		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
	Psychotherapist register						
15.3	Major Project Cost Over-runs		<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. 				
9.1	Loss of ISO 9001:2008 Certification	Quality Assurance Processes	<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. External validation visits of ISO 9001:2008 by BSI twice yearly. BPI team conduct audits across HCPC on monthly basis including coverage of Departments, risk based audits, across company audits and Supplier audits. 	-	-	-	-
10.1	Customer service failures	Registrations	<ul style="list-style-type: none"> Gross risk score of 25 / Red risk. Internal quality assurance processes. Internal Audit review 2012/13, 'Substantial' assurance provided. 	-	√	<i>Subject to follow up.</i>	-
10.4	Backlogs of registration and GP Applns		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				
10.3	Inability to detect fraudulent applications		<ul style="list-style-type: none"> Gross risk score of 10 / Medium risk. 				
10.5	Mistake in the Registration process leading to liability for compensation to Registrant or Applicant		<ul style="list-style-type: none"> Gross risk score of 10 / Medium risk. 				
11.1	Loss of key HCPC employees	HR – Recruitment, Retention and Succession Planning	<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. Previous Internal Auditors review of risk 11.1 and 11.4 as part of HR Management review in 2010/11, 'Satisfactory' assurance provided. 	√ (Follow Up)	-	4	<i>Subject to follow up review.</i>
11.2	High turnover of employees		<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. 				
11.4	Lack of technical and managerial skills to delivery the strategy		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
11.5	Health & Safety of employees	Health and Safety of employees	<ul style="list-style-type: none"> Gross risk score of 20 / Red risk. Last subject to review by Previous Internal Auditors in 2009/10. 	-	-	3 (To also include Risk 4.9 above)	Subject to follow up review.
11.6	High sick leave levels	HR – Absence Management	<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. Not subject to previous internal audit coverage. 	-	-	-	-
11.7	Employee and ex-employee litigation	HR – Performance Management	<ul style="list-style-type: none"> Gross risk score of 12 / Red risk. Previous Internal Auditors review of these risks as part of HR Management review, ‘Satisfactory’ assurance provided. 	√ (Follow Up)	-	-	3
11.8	Employer/employee inappropriate behaviour		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				
11.9	Non Compliance with Employment legislation	<i>Covered through HR Risk areas identified above.</i>	<ul style="list-style-type: none"> Gross risk score of 10/ Medium risk. 	<i>Covered through HR Risk areas identified above.</i>			
13.1	Legal cost over-runs	Fitness to Practise	<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. FTP area represents approx. 51% of HCPC costs in 2013/14 budget. New FtP information system implemented April 2012. Fixed price contract in place for legal fees/. PSA review of sample of case files each year and all final decisions. Departmental Internal quality assurance processes and checks in place including Compliance Officer post. Internal Audit review 2012/13, ‘Substantial’ assurance provided. 	-	√	Subject to Follow Up review.	-

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
13.3	Tribunal exceptional costs	<i>See Fitness to Practice above.</i>	<ul style="list-style-type: none"> Gross risk score of 25 / Red risk. 	<i>See Fitness to Practice above.</i>			
13.4	Rapid increase in the number of tribunals and resultant legal costs		<ul style="list-style-type: none"> Gross risk score of 16 / Red risk. 				
13.7	High Number of Registration Appeals		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk 				
13.8	Backlog of FTP cases		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk 				
13.9	Excessive cases per Case Manager workload		<ul style="list-style-type: none"> Gross risk score of 12 / Red risk 				
13.10	Protracted service outage following a Case Management System failure		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk New risk during 2012/13 				
		<p>Core Financial Systems:</p> <p><i>Note '√' indicate areas of coverage within the identified days opposite.</i></p> <p><i>Also referred to under 'Other Considerations' below.</i></p>	<ul style="list-style-type: none"> Financial processes represent key area of overall system of internal control. Also external audit expectations and therefore annual coverage to provide assurance over the operation of financial systems. Due to the mainly positive results from previous internal audit work, this will represent a rolling programme of key controls work, with more in-depth reviews of individual areas with changes in risk profile, such as staff leaving and the implementation of new systems. 	√	√	7	6
15.20	Money market provider insolvency or fraud	Treasury Management	<ul style="list-style-type: none"> Gross risk score of 10 / Medium risk. 	-	-	-	<i>To be covered.</i>
15.5	Inability to pay creditors	<i>Creditors /</i>	<ul style="list-style-type: none"> Gross risk score of 10 / Medium 	√	√	-	-

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
		<i>Purchasing and Procurement</i>	risk. • Internal Audit review of electronic Purchase Order System 2011/12. 'Substantial' assurance provided.		(Follow Up)		
15.10	Unauthorised payments to organisations	<i>See Creditors / Purchasing and Procurement above.</i>	• Gross risk score of 6 / Medium risk.				
15.13	Mis-signing of cheques (forgery)		• Gross risk score of 12 / Red risk.				
15.24	Failure to adhere to Procurement and Tendering requirements		• Gross risk score of 8 / Medium risk • New risk during 2012/13				
15.6	Inability to collect from debtors	Income Collection and Debtors	• Gross risk score of 10 / Medium risk. • Internal Audit 2012/13, 'Substantial' assurance provided.	-	√	<i>Subject to follow up review.</i>	-
15.8	Receipt of fee income as per collection schedule		• Gross risk score of 9 / Medium risk. • High volume of transactions, recorded through NetRegulate. CSV file produced each month and uploaded into Sage.				
15.9	Mismatch between Council goals & approved financial budgets	Budget Setting and Control	• Gross risk score of 8/ Medium risk. • Budget Holders prepare draft budgets and subject to review/approval by Finance and Resources and Council. • Monthly budget meetings between Finance and key Budget Holders.	-	-	<i>To be covered.</i>	<i>Subject to follow up review.</i>
15.11	Unauthorised payments to personnel	Payroll and expenses	• Gross risk score of 9 / Medium risk. • Payroll outsourced to third party from October 2012.	√	√ (Follow Up)	-	<i>To be covered.</i>

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
			<ul style="list-style-type: none"> Internal Audit review 2011/12, 'Substantial' assurance provided. 				
15.22	Payroll process delay or failure		<ul style="list-style-type: none"> Gross risk score of 10 / Medium risk. 				
15.18	PAYE/NI compliance	PAYE / NI Review	<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. Professional advice obtained in this area. 	-	-	-	-
15.12	Unauthorised removal of assets (custody issue)	Asset Management	<ul style="list-style-type: none"> Gross risk score of 6 / Medium risk. New Fixed Assets module introduced, previously on excel. Capitalisation limit of £1000. (Note this limit will also apply to IT equipment from 1 April 2013). NAO considered new system as part of interim audit visit 2010/11. 	-	-	To be covered.	Subject to follow up review.
4.13	Failure to comply with DPA 1998 or FOIA 2000, leading to ICO action	Information Security / Data Protection	<ul style="list-style-type: none"> Gross risk score of 9 / Medium risk. 	-	-		
17.1	Electronic data is removed inappropriately by an employee		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. Impacts on all activities/departments across HCPC. HCPC working towards ISO 27001 Accreditation. Internal Audit review 2011/12, 'Substantial' assurance provided. 	√	√ (Follow Up)	-	-
17.2	Paper record Data Security		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. 				
17.3	Loss of electronic data held by third party suppliers in the delivery of their services (general risk)	See Information Security / Data Protection above.	<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. 				
17.4	Data received from third parties		<ul style="list-style-type: none"> Gross risk score of 10 / Medium 				

Risk Ref	Risk Description	Auditable Area	Justification	Audit Year (Days)			
				2011/12	2012/13	2013/14	2014/15
			<ul style="list-style-type: none"> risk. 				
17.5	Loss of physical data despatched to and held by third parties for the delivery of their services		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. 				
17.6	Loss of Registrant personal data by the registration system (NetRegulate) application support provider in the performance of their support services (specific risk).		<ul style="list-style-type: none"> Gross risk score of 15 / Red risk. 				
18.1	CPD processes not effective	Registrations - CPD	<ul style="list-style-type: none"> Gross risk score of 8 / Medium risk. Last subject to review by Previous Internal Auditors in 2008/09. 	-	-	-	-
SUB TOTAL (1)				30	31	31	28

Other Considerations

Auditable Area	Justification	Audit Year (Days)			
		2011/12	2012/13	2013/14	2014/15
Risk Management	<ul style="list-style-type: none"> Annual requirement under Internal Audit Professional Standards. In order to add value to the organisation, we will adapt our approach each year. For instance, a review of overall framework in 201/12. # In years 2 and 3 to be undertaken as combined exercise with Corporate Governance for ease of reporting. Ongoing and open discussions between Audit Committee and Executive over amount of change/content of Risk Register. Presentations by Risk Owners on risks and mitigating actions to Audit Committee. Internal Audit review 2012/13, 'Substantial' assurance provided. 	√	√#	2#	2#
Complaints	<ul style="list-style-type: none"> Responsibility for complaints moving to Secretariat during 2013/14. 	-	-	-	-
Policy and Standards	<ul style="list-style-type: none"> Not subject to previous internal audit coverage given nature of area. Potential auditable areas around establishing/administering of Professional Liaison Groups and Stakeholder Consultation. 	-	-	-	-
Social Work Student Suitability Scheme	<ul style="list-style-type: none"> New area / process for HCPC. . 	-	-	-	-
Property Strategy / Facilities Management	<ul style="list-style-type: none"> Property Strategy in place. HCPC will own 186 Kennington Park Road from 8 April 2013. 	-	-	-	3

Auditable Area	Justification	Audit Year (Days)			
		2011/12	2012/13	2013/14	2014/15
Information Technology	<ul style="list-style-type: none"> Resources for review of IT related areas not covered under 'Risk based' considerations above. For example, IT Strategy, IT Helpdesk, User Account Management. Previous Internal Auditors reviewed IT Strategy and overall management arrangements in 2006/07. 	√ (Partial - Note 1)	√ (Note 1)	See Note 2	See Note 2
Core Financial Systems:	<ul style="list-style-type: none"> External audit expectations and therefore annual coverage to provide assurance over the operation of financial systems. Also see coverage under 'Risk Based Considerations' above. Due to the mainly positive results from previous internal audit work, this will represent a rolling programme of key controls work, with more in-depth reviews of individual areas with changes in risk profile, such as staff leaving and the implementation of new systems. 				
Financial Planning, Forecasting and Monitoring		√ (Follow Up)	-	-	√
General Ledger		√ (Follow Up)	-	To be covered.	Subject to follow up review.
Follow Up	<ul style="list-style-type: none"> Resources to review the degree of implementation of internal audit recommendations, both from the prior year, and those scheduled for implementation in the current year. 	√	√	3	3
Audit Management	<ul style="list-style-type: none"> Resources for client and External Audit liaison, Annual Plan update, Annual Report preparation and preparation for and attendance at Audit Committee. 	√	√	6	6
Contingency	<ul style="list-style-type: none"> Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by Management and the Audit Committee. 	X	√ (Bribery Act)	3	3
SUBTOTAL (2)		12	17	14	17
GRAND TOTAL (1) + (2)		42 [^]	45	45	45

Key

√ - Audit Completed; X – Days not utilised; ^ - Adjusted to reflect Contingency days not utilised by way of core internal audit activity in 2011/12.

Note (1) – Information Security and Data Protection, IT – Security both covered under 'Risk Based Considerations'.

Note (2) – Planned audits of BCP / Disaster Recovery in 2013/14 and ICT – Backup and Recovery Processes in 2014/15.

Appendix D – Types of audit approach

Approach	Description
Systematic	An audit in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Key Controls Testing	Audit testing clearly focussed on a small number of material or key controls.
Advisory work	The scope and methodology of this work will vary to suit the needs of your organisation, as will the output of this work. Advisory work will not result in a formal assurance opinion.
Follow up	A review of the actions taken to implement previous recommendations from internal audit or other assurance providers. Wherever possible, this will be linked back to the organisation's own recommendation tracking processes. Testing will be performed, as appropriate, to confirm the success of implementation of agreed actions to manage the risk identified.