

## Audit Committee

### Public minutes of the 45<sup>th</sup> meeting of the Audit Committee held on:-

**Date:** Thursday 20<sup>th</sup> March 2014

**Time:** 10:30 am

**Venue:** The Council Chamber, Health and Care Professions Council, Park House,  
184 Kennington Park Road, London SE11 4BU

**Present:** Richard Kennett (Chair)  
Keith Ross

### **In attendance:**

Graeme Clark, Mazars  
Roy Dunn, Head of Business Process Improvement  
Claire Gascoigne, Secretary to the Committee  
Andy Gillies, Director of Finance  
Teresa Haskins, Director of Human Resources  
Catherine Hepburn, National Audit Office  
Jacqueline Ladds, Director of Communications  
Kate Mathers, National Audit Office  
Greg Ross-Sampson, Director of Operations  
Marc Seale, Chief Executive and Registrar  
Anna van der Gaag, Council Chair  
Nicola Wood, Council member

### **Item 1. Apologies for absence**

1.1 There were no apologies for absence.

### **Item 2. Approval of agenda**

2.1 The Committee approved the agenda.

### **Item 3. Declarations of members' interests**

3.1 Members had no interests to declare.

### **Item 4. Minutes of the Audit Committee meeting of 28 November 2013 (report ref: AUD 01/14)**

4.1 It was agreed that the public minutes of the 44<sup>th</sup> meeting of the Audit Committee should be confirmed as a true record and signed by the Chair subject to the amendment of the attendance list to include Catherine Hepburn from the NAO.

### **Item 5. Business Process Improvement report (report ref: AUD 02/14)**

5.1 The Committee received a report summarising business process improvement work.

5.2 The Committee noted the following points;

- the Information Service Manager, Tom Berrie, retired in February after 30 years at the HCPC and its predecessors. A new role of Quality Compliance Auditor will be recruited for as soon as possible covering an adjusted range of tasks;
- a “Commons Health Committee process” is being drafted;
- the HCPC QMS will be migrated to the new BSI platform as soon as possible pending costs and timescales;
- a Business Continuity test was carried out with members of the CDT in November. A specific scenario was created around EMT being unavailable and damage to buildings following flooding relating to poorly capped test boreholes for the extension to the Northern Line;
- a clear desk policy is being consulted on within the organisation. This will form part of the organisation’s Information Security Management System; and
- the new ISO 27001:2013 standard is being addressed with the aid of external consultants. It is currently aimed to have a full set of documentation by the end of the current Financial Year.

- 5.3 The Committee discussed a recent security print contract tender. The Committee noted that the ITT stage has been completed, but only one of six potential responders provided a response, and this was invalid due to not meeting the criteria. It was noted that a report will be presented to Council in May.
- 5.4 The Committee noted the report.

#### **Item 6. Risk Register update (report ref: AUD 03/14)**

- 6.1 The Committee received a report outlining recent updated to the HCPC's Corporate Risk Register. The Risk Register is published twice yearly, February and September, following a review by the Risk Owners.
- 6.2 The Committee noted the following points;
- there is one risk remaining at High, post mitigation. There are 6 risks remaining at Medium level post mitigation;
  - a new risk 9.2 'Employees non-compliance with established Standard Operating Procedures' has been added following a recent NMR; and
  - the Committee periodically hear from all risk owners, to provide additional detail and feedback on their specific risks. This cycle will continue.
- 6.3 The Committee discussed risk 15.24 'Failure to adhere to Procurement and Tendering requirements'. It was noted that this risk referred to non OJEU tenders. The Committee agreed that a new risk 15.25 should be listed and this should refer to OJEU tender risk only.
- 6.4 The Committee had noted from the Internal Audit Report on Partners' expenses that there was no specific risk around Partners' expense abuse, whereas there is for Council members' expenses. It was agreed that a separate risk should be created for Partner expense abuse.
- 6.5 The Committee noted the report.

#### **Item 7. Annual Business Continuity test (report ref: AUD 04/14)**

- 7.1 The Committee received a report detailing the results of a recent business continuity exercise.
- 7.2 The Committee noted the following points

- the HCPC Business Continuity Plan is exercised annually and this took place on 29 November 2013. The Cross Departmental Team (CDT) took part in this exercise in place of EMT. CDT is formed of middle management at the HCPC; and
- CDT used a set of paper based DR plans to carry out the test response. Mazars have recommended that HCPC move to an electronic plan delivery system sometime in the future.

7.3 The Committee discussed the results of the exercise. It was noted that CDT members, with a more operational view of the business, were able to validate their decisions easily, based on business requirements. CDT were more hesitant to make strategic decisions.

7.4 The Committee noted the report.

#### **Item 8. NAO Interim Audit Report (report ref: AUD 05/14)**

8.1 The Committee received a report from the National Audit Office (NAO) detailing the results of their recent interim audit visit.

8.2 The Committee noted that, as part of their audit of the HCPC's 2013-14 Annual Report and Accounts, the NAO carried out an interim visit in late January/early February.

8.3 The Committee noted the following points;

- due to key HCPC staff changes this financial year, the NAO have not relied on the management accounts as a high level control to provide audit assurance for 2013/14;
- the NAO have recommended that the Executive undertake a detailed costs benefit analysis of the refurbishment/replacement of the adjacent building before the options are presented to Council for a decision;
- HCPC has agreed to use a NAO provided DECA toolkit to evaluate the risks of the 186 Kennington Park Road project, and to undertake a full options appraisal as part of the project, which will be used to inform the final decision whether and to what extent to proceed with redevelopment;
- HCPC has agreed to write off costs relating to work on an online renewals and online applications projects which were capitalised under intangible fixed assets. The total value currently capitalised is £43,649; and

- the Executive are working with the NAO to agree appropriate remuneration disclosures. Proposed changes to the HCPC's FOI publication scheme will be taken into consideration.

8.4 The Committee noted that the NAO's Audit Completion Report will be presented at the June Audit Committee meeting.

8.5 The Committee noted the report.

### **Item 9. Audit Committee Annual Report (report ref: AUD 06/14)**

9.1 The Committee received a report outlining proposals for an annual Audit Committee Report

9.2 The Committee noted the following points

- the Treasury's *Audit and Risk Assurance Committee Handbook* requires that the Audit Committee provides an annual report to the Council and Accounting Officer;
- this report should be timed to support finalisation of the Accounts and the Governance Statement, and should summarise the Committee's conclusions from the work it has done or commissioned during the year; and
- the HCPC Audit Committee has not previously submitted an annual report to Council. It is recommended that starting from the financial year 2013-14 it does so.

9.3 The Committee discussed the Treasury's Audit and Risk Assurance Committee Handbook. It was agreed that the Executive would undertake a mapping exercise to compare best practice with the HCPC's current arrangements.

**ACTION: Secretary to Committees** to undertake a mapping exercise against the Treasury's Audit and Risk Assurance Committee Handbook.

9.4 The Committee agreed that the Annual Audit Committee Report to be contained with the HCPC's Annual Report and Accounts for 2013-14.

### **Item 10. Depreciation of leasehold improvements (report ref: AUD 07/14)**

10.1 The Committee received a paper outlining a proposed change to the accounting policy for depreciation to include a new class of asset, leasehold improvements.

10.2 The Committee noted that the HCPC has rented units in 33 Stannary Street since October 2011, these leases run until May 2017. In 2013-14,

the HCPC have spent £82,000 on air conditioning and other improvements in 33 Stannary Street.

- 10.3 It is proposed that improvements to leasehold property are should be treated as a separate category of assets and depreciated over the shorter of the lease term or their useful life.
- 10.4 The Committee approved the accounting policy for leasehold improvements as detailed in the paper.

**Item 11. Internal audit report: Partners expenses (report ref: AUD 08/14)**

- 11.1 The Committee received a report detailing the results of a recent internal audit of the HCPC's controls and processes for ensuring partners' expenses are incurred, processed and paid in accordance with HCPC policy.
- 11.2 The Committee noted the following points;
- the audit was undertaken using the three days contingency allocation in the 2013/14 Internal Audit Plan;
  - the audit achieved substantial assurance with one significant and one housekeeping recommendation; and
  - the significant recommendation is that the HCPC should remind partners of its preference for them to book travel requirements through the appointed travel service in preference to the direct bookings.
- 11.3 The Committee noted the report.

**Item 12. Internal audit report: Stakeholder Communications (report ref: AUD 09/14)**

- 12.1 The Committee received a report detailing the results of a recent internal audit of the HCPC's control and processes for managing stakeholder communications.
- 12.2 The Committee noted the following points;
- a stakeholder analysis and mapping exercise which has recently commenced with the assistance of external consultancy advice;
  - the audit achieved substantial assurance with one significant and one housekeeping recommendation; and
  - the significant recommendation is that the Communications Department should seek to reduce the length and detail contained

within Communications Reports provided to the Council. This recommendation applies to other departmental reports presented to Council.

12.3 The Committee noted the report.

**Item 13. Internal audit report: Project Management (report ref: AUD 10/14)**

13.1 The Committee received a report detailing the results of a recent internal audit of the HCPC's arrangements for project management.

13.2 The Committee noted the following points;

- the audit included a review of the management of the HR and Partners and 186 Kennington Park Road major projects;
- the audit achieved substantial assurance with one significant and one housekeeping recommendation; and
- the Audit recommended that consideration should be given to streamlining the current financial monitoring of projects by the Project.

13.3 The Committee noted the report.

**Item 14. Internal audit report: Health and Safety (report ref: AUD 11/14)**

14.1 The Committee received a report detailing the results of a recent internal audit of the HCPC's arrangements for ensuring the health and safety of staff, visitors and Council Members.

14.2 The Committee noted the following points;

- the audit achieved substantial assurance with two significant and three housekeeping recommendation;
- The significant recommendations were that the HCPC should obtain assurances/copies of certificates for servicing of the fire extinguishers and tests of fire alarms for 33 Stannary Street, and that an Annual Report on Health and Safety matters should be produced and considered by the Council; and
- a Health and Safety Annual Report will be presented to the May Council meeting.

14.3 The Committee noted the report.

**Item 15. Internal audit report: HR recruitment (report ref: AUD 12/14)**

- 15.1 The Committee received a report detailing the results of a recent internal audit of the HCPC's controls and processes for staff recruitment, retention and succession planning
- 15.2 The Committee noted the following points;
- the audit achieved substantial assurance with one housekeeping recommendation; and
  - the audit found that the HCPC has developed a formal succession plan for key posts and post-holders and notes short-term/interim cover arrangements together with longer-term plans.
- 15.3 The Committee noted the report.

**Item 16. Internal audit progress report (report ref: AUD 13/14)**

- 16.1 The Committee received a report detailing progress on the internal audit plan for 2013-14.
- 16.2 The Committee noted that there had been five reports finalised since the last meeting of the Audit Committee. These relate to Stakeholder Communications, HR – Recruitment, Retention and Succession Planning, Project Management, Partners Expenses and Health and Safety.
- 16.3 The Committee noted that a planning meeting for the audit of Corporate Governance and Risk Management has been held and terms of reference issued. The audit will be finalised before the end of the current financial year.
- 16.4 The Committee agreed that internal audit reports should be provided to the Committee and NAO at the point of issue.

**ACTION Secretary to Council**

- 16.5 The Committee noted the high number of substantial assurance audits as encouraging and evidence of commitment within the HCPC to the internal audit process.
- 16.6 The Committee noted the report.

**Item 17. Mazars audit plan 2014-15 (report ref: AUD 14/14)**

- 17.1 The Committee received a paper setting out Mazars internal audit strategy for 2014-15.



17.2 The Committee noted the areas of work proposed. It was also noted that the plan allows for three contingency days as in 2013-14.

17.3 The Committee discussed assurance mapping. It was agreed that the Executive would present a paper to the June Audit Committee, setting out its recommendations in whether such an exercise is appropriate for the HCPC. It was noted that the NAO could provide the HCPC with examples of Assurance Maps.

**ACTION: Head of Business Process Improvement** to present a report on assurance mapping to the June Audit Committee.

17.4 The Committee approved the updated Internal Audit Strategy and Operational Audit Plan for 2014-15.

#### **Item 18. Internal audit review of recommendations (report ref: AUD 15/14)**

18.1 The Committee received a paper for discussion/approval from the Executive.

18.2 The Committee noted progress on internal action points since the last Audit Committee meeting.

18.3 The Committee agreed that the previous executive updates should remain on the report in order to provide a history of an actions progress.

18.4 The Committee noted the report

The Committee noted the following paper;

#### **Item 19. Annual Report Timetable 2013-14 (report ref: AUD 16/14)**

#### **Item 20. Any other business**

20.1 There were no further items for consideration.

#### **Item 21. Date & time of next meeting:**

Tuesday 24 June 2014 10.30am

#### **Resolution**

The Committee agreed to adopt the following resolution:

'The Committee hereby resolves that the remainder of the meeting shall be held in private, because the matters being discussed relate to one or more of the following;

- (a) information relating to a registrant, former registrant or applicant for registration;
- (b) information relating to an employee or officer holder, former employee or applicant for any post or office;
- (c) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property;
- (d) negotiations or consultation concerning labour relations between the Council and its employees;
- (e) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- (f) action being taken to prevent or detect crime or to prosecute offenders;
- (g) the source of information given to the Committee in confidence; or
- (h) any other matter which, in the opinion of the Chair, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.'

<b>Item</b>	<b>Reason for Exclusion</b>
22	B, D

**Summary of those matters considered whilst the public were excluded**

**Item 22. Private minutes of the Audit Committee of 28 November 2013 (report ref: AUD 17/14)**

The Committee agreed that the private minutes should be confirmed as a true record and signed by the Chair.

**Item 23. Any other business**

There was no other business.

**Chair Richard Kennett**

**Date 24/06/2014**