

## Health & Care Professions Council (HCPC)

### **Draft Internal audit plan 17/18 and 18/19**

February 2017

## **Introduction**

The main purpose of this document is to:

- briefly set the context of internal audit work completed by Mazars in 2014-15 and Grant Thornton in 2015-16 and being progressed in 2016-17
- provide initial proposals for the internal audit plan for 2017-18, drawing on previous internal audit work, current information in the risk register and discussion with EMT
- seek AC feedback on the internal audit proposals, including specifically whether prioritisation of reviews between 2017-18 vs 2018-19 is appropriate.

## **Next steps**

These draft proposals have been considered by EMT, who have endorsed them. We now request the AC's formal review and guidance on whether the audit plan proposals are in line with the Committee's own expectations and priorities?

**Grant Thornton LLP**  
**February 2017**

DRAFT

## Overview of previously completed internal audit work

The tables below briefly summarise the scope of internal audit work that has been previously completed (by the previous internal auditors and Grant Thornton UK). The objective of setting this out is to provide context to the Audit Committee, especially given the changes in the Committee's membership. The detailed findings and management action plans resulting from these audits are available in the internal audit recommendation tracker produced by management and which is presented to the Audit Committee.

### *Summary of work by previous internal auditors*

<b>Audit</b>	<b>Status</b>	<b>Key scope</b>
Corporate Governance and Risk Management	January 2014	Scope: A review of key controls and processes - in the context of anticipated changes to the Council structure following PSA's interim report, published in September 2011, 'Board size and effectiveness: advice to the Department of Health regarding health professional regulators'
Core Financial Systems	August 2013	Scope: The areas focused on under this review were Asset Management, General Ledger and Payroll.
Stakeholder Communications	December 2013	Review of HCPC's processes for identifying stakeholders and communicating with them
Project Management	January 2014	Scope: Review of the management of the major projects. Review covered resources for the review of the administration and management of major projects and costings processes.
Partners' Expenses	December 2013	Scope: At the request of the Audit Committee - ensuring partners' expenses are incurred, processed and paid in accordance with HCPC policy.
Health and Safety	November 2013	Scope: A review of arrangements for ensuring the health and safety of staff, visitors and Council Members (at the time, HCPC's Risk Register identified a specific risk related to the health and safety of its Council Members).
Business Continuity	September 2013	Scope: Review of HCPC's disaster recovery / business continuity arrangements.
Bribery Act	October 2013	Scope: A review of HCPC's high level framework to prevent the offering or payment of bribes by staff or associates of HCPC as well as the receipt of bribes.

### *Grant Thornton Internal Audit Plan 2015-16*

<b>Audit</b>	<b>Status</b>	<b>Summary question</b>
Review of the registration project (design phase)	Completed, Sept 2015	Is the registration project (design stage) appropriately focused on defining the business improvements to be secured, the 'to be' business process state and how the technology is expected to support the 'to be' business process (and associated roles and responsibilities)?
Overarching coherence of key planning models	Completed, Nov 2015	Is the current way of planning and modelling through separate but integrated models (registrant numbers, fitness to practice, income, five year financial model & business planning) coherent, appropriate and consistent with best practice?
Consultation process	Completed, Mar 2016	As we evolve and make our consultation process (for changes to regulatory regime) more accessible (ie use of more varied channels), does our practical process for requesting feedback, analysing

<b>Audit</b>	<b>Status</b>	<b>Summary question</b>
		responses and providing a balanced, representative and evaluative summary to EMT and Council remain robust?
Core financial controls	Completed, Mar 2016	High level review of financial controls framework within HCPC.

*Grant Thornton Internal Audit Plan 2016-17*

<b>Audit</b>	<b>Status</b>	<b>Summary question</b>
Staff recruitment & retention (Risk 11.2 & 11.4)	In progress	Are HCPC's approaches/methods coherent and effective to facilitate successful recruitment of key skills to key roles and enhancing staff engagement (with a view to maximising staff retention)? Are there appropriate staff retention processes in place (including succession planning for EMT)?
Property management (focused on utilisation of tribunal suite at 405 Kennington Road for FTP tribunals)	in progress	The review will assess (as part of testing how effective new investment in property is being used to enhance operations) whether the new tribunal space at 405 Kennington Road is being used efficiently and effectively through appropriate planning and scheduling of FTP tribunals Does the facility have consistent access to the appropriate infrastructure (such as IT support) to operate efficiently?
Partner recruitment process	Completed, Oct 2016	Is there a robust and transparent process in place that can demonstrate that partners are recruited based on set requirements and that there are appropriate safeguards against bias against partners with protected characteristics?
Non FTP legal services cost management	Completed, Oct 2016	Are there appropriate processes and controls to control commissioning of non FTP legal services, so that they are only utilised where there is an appropriate business need, requirement is appropriate scoped and costs incurred are appropriately controlled?
Registration appeals process	Completed, Oct 2016	The recent move of the function from FTP to registration has not led to any risks arising in how the appeals process is operating (including management of any conflict of interest risks)?
Whistleblowing	Completed, August 2016	How well do the whistleblowing arrangements compare to best practice and how well are they being applied in practice? This audit did not consider customer service complaints. However, it did have regard to fitness to practise (FTP) complaints as some of these relate to HCPC's role as a prescribed person. Our review therefore was confined to whistleblowing about FTP and other activities of the Council as well as those forwarded to other organisations.

## Forward plan options: 2017/18

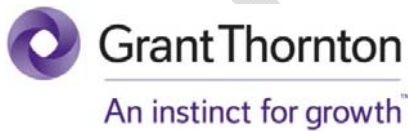
### Feedback requested from AC

- Does the audit plan proposed below reflect the key risks and issues that the AC wishes to prioritise for IA coverage?

Audit	Summary question	Associated risks (indicative)	Scope (indicative)
Strategic and operational planning	Given fundamental transformation of the HCPC business (from 90k to 350k registrants, income from £2.7m to £33m, staff from c 40 to c 250), how has the strategic planning process effectively led to a direction that is appropriate for what is now a very different business? How is revised strategic direction genuinely guiding operational priorities?	<ul style="list-style-type: none"> <li>- strategic direction not clear, not relevant for a current scale of business, does not protect existing performance levels and enhance it where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>- review of the processes for creation and approval of the HCPC's <b>strategic and operational level plans from conception, to Council review, to formalisation and implementation</b></li> <li>- key focus on the information made available in the course of strategic and operational planning</li> <li>- examine the alignment between the risk registers and the business and operational plans, the challenge and approval processes in place to ensure that only a rigorously reviewed and approved work programme is implemented</li> </ul>
Social work transfer project	<p>Given the potential for significant impact on HCPC due to social work related regulatory responsibilities being transferred to a new regulator, how well has HCPC:</p> <ul style="list-style-type: none"> <li>- understood what is the impact for HCPC and how is the organisation preparing to respond to it?</li> <li>- scoped its own social work transfer project so that its full remit and outcomes are appropriate understood and agreed by all stakeholders?</li> <li>- set up the overall project and its governance to ensure it is fit for purpose for delivering required outcomes?</li> <li>- resourced the social care project?</li> <li>- understood the risks and particularly the potential financial risks and planning to mitigate them?</li> </ul>	<ul style="list-style-type: none"> <li>- HCPC suffers reputational damage due to the way transfer of responsibilities is managed</li> <li>- There are unexpected surprises in the way the transfer will take place, adversely affecting HCPC's financial viability and operational stability</li> </ul>	<ul style="list-style-type: none"> <li>- A significant deep dive review of the overall organisational level approach to understanding and managing the implications of the transfer of responsibilities relating to social workers</li> <li>- Specific review of how the social workers project is being setup, resourced etc and how effectively have the financial risks associated with the transfer been understood, assessed and being managed in practice.</li> </ul>
Fee increase and/or withdrawal of the graduate discount	Is there a robust case for any proposed fee increase (including the extent to which fees are proposed to be increased)?	<ul style="list-style-type: none"> <li>- Reputational risks due to fee increases being perceived as being excessive and/or not justified</li> </ul>	<ul style="list-style-type: none"> <li>- A detailed review of the overall approach and underlying costing and associated assumptions that underpin the fee increase proposals to provide assurance to the Council (via the Audit Committee) that they are adequately supported</li> </ul>
Registration project	How well has phase 1 of the registration project been delivered and how has the learning from phase 1 been identified and deployed in the way phase 2 is being setup, governed and managed?	<ul style="list-style-type: none"> <li>- Approach to delivery of the project may not effectively account for learning from phase 1</li> </ul>	<ul style="list-style-type: none"> <li>- Detailed scope and approach for review to be agreed based on how far the phase 1 has been completed at the time of the audit</li> </ul>
Core financial controls	Is the budget setting and monitoring process sufficiently precise, with the right level of controls (to ensure that budgets are accurate set, are aligned to work activity and with appropriate processes to monitor their effective use)?	<ul style="list-style-type: none"> <li>- Resources may be wasted and/or critical activity may not be progressed to ineffective allocation of available resources across HCPC</li> </ul>	<p>A detailed review of budget setting and control process, with specific focus (but not limited to) on:</p> <ul style="list-style-type: none"> <li>- budgeting associated with projects and programme related activity</li> <li>- those departments NOT currently utilising activity based approach to budgeting</li> </ul>
Follow up	How well is HCPC tracking and implementing agreed recommendations?	<ul style="list-style-type: none"> <li>- HCPC may continue to live with risks outside tolerance of management and the Council</li> </ul>	<ul style="list-style-type: none"> <li>- Sample review of agreed internal audit recommendations and how effectively they have been implemented.</li> </ul>

**Forward plan options: 2018/19 (this is subject to reappointment or extension of our appointment)**

<b>Feedback requested from AC</b>			
<ul style="list-style-type: none"> <li>- Does the forward audit plan proposed below reflect the key risks and issues that the AC wishes to prioritise for IA coverage at this stage (recognising that this will need to be reassessed in more detail as part of detailed planning for the 18-19 financial year)?</li> </ul>			
<b>Audit</b>	<b>Summary question</b>	<b>Associated risks (indicative)</b>	<b>Scope (indicative)</b>
Continuing professional development	Given the context of significant change and review of the CPD approach and process in 2016-17, how well are the revised arrangements bedding down and are they fit for purpose (both in design and operation)?	- lack of assurance that all licensed registrants are able and aware of CPD requirements	- review of key processes associated with managing CPD for registrants - specific review of what key changes were introduced as part of 2016-17 review (which included significant input from Council), what were the key underlying reasons for the changes and how well are they bedding down
Social workers project (execution phase)	How effectively are the agreed changes being implemented in practice?	- Poor project execution may result in agreed outcomes not been realised	- Focused review of the execution phase of the social workers transfer project.
Core financial controls	Cyclical review of a selected area	- tbc	- tbc -
Follow up	How well is HCPC tracking and implementing agreed recommendations?	- HCPC may continue to live with risks outside tolerance of management and the Council	- Sample review of agreed internal audit recommendations and how effectively they have been implemented.



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