

Health Professions Council

Finance and Resources Committee 27th April 2006 Audit Committee 7th June 2006 Corporate Governance

Introduction

The Council recently decided to end the practice of the Audit Committee being a sub-committee of the Finance and Resources (F&R) Committee and to establish both as separate committees reporting directly to the Council.

That policy decision is a reflection of the need, in terms of good corporate governance, for oversight of the effective use of HPC's financial and other resources to be distinct from the oversight of the arrangements for auditing the transactions which are the basis of that resource utilisation.

In broad terms, the division of responsibility is between the effective use of resources and the legitimacy of the use of those resources. Separating those two functions provides the Council with a two-stage, "belt and braces", method of overseeing the use and management of HPC's resources.

Thus, to take a simple example, if the HPC Executive decides to spend £50,000 on a particular item of equipment, it is for the F&R Committee to oversee whether that decision represents an effective use of the HPC's funds. The Audit Committee's role in relation to that transaction is distinct; it is to oversee the process which checks and confirms that the equipment really cost that amount and that the funds expended were really spent on purchasing it.

(It is emphasised that this is a simple example, as the Audit Committee is not only responsible for ensuring that the audit is carried out effectively, in a timely manner, independently of the Executive and in line with any work plan agreed by the Committee, but should also be responsible for dealing with any issues raised by the audit process and the Executive's response to them).

Corporate governance

Given that Council has established a policy of separating the responsibility for and reporting on resource and audit issues, both the F&R and Audit Committees now need to consider their respective roles in more detail and make recommendations to the Council on their respective terms of reference and any changes which they consider may need to be made to their standing orders.

As neither committee exercises any statutory functions of the Council – in the sense of functions specifically enumerated in the Health Professions Order 2001 – it is unlikely that either committee needs to recommend that changes be made to the Council’s Scheme of Delegation. Nonetheless, this is an issue on which legal advice should be given to both committees and, if it proves to be appropriate, for the committee(s) to recommend to the Council that changes are made.

Both committees also need to consider whether changes need to be made to subsidiary governance documents, such as the Council’s Financial Standing Instructions and to make recommendations accordingly.

The F&R Committee is asked to consider these issues at its next meeting, on 27th April, and the Audit Committee will be asked to do so at its next regular meeting on 7th June. The HPC’s solicitor, Jonathan Bracken, has been asked to attend both meetings so that he is available to advise the committees and to undertake any drafting which may arise from any decisions taken by either committee.