

Audit Committee, 28 November 2013

Internal audit progress report

Executive summary and recommendations

Introduction

Mazars have prepared the attached report which sets out progress on the internal audit plan for 2013-14.

Decision

The Committee is asked to discuss the report.

Background information

At its meeting on 13 March 2013, the Committee approved the internal audit plan for 2013-14.

Internal audit reports for each completed audit are considered at committee meetings during the year.

Resource implications

None.

Financial implications

None.

Appendices

Internal Audit Progress Report.

Date of paper

19 November 2013



Internal Audit Progress Report

For the year ended 31 March 2014

Presented to Audit Committee Meeting of: 28 November 2013



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Status of our reports

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1. Introduction

- 1.1 The purpose of this report is to update the Audit Committee as to the progress in respect of the Operational Plan for the year ended 31 March 2014. The Plan was considered and approved by the Audit Committee at its meeting on the 7 March 2013.

2. Summary of internal audit activity since the last Audit Committee meeting

- 2.1 In accordance with the agreed timetable for delivery of the Plan for 2013/14, there has been one report finalised since the last meeting of the Audit Committee. This relates to Disaster Recovery / Business Continuity Planning (report 03.13/14 refers).
- 2.2 Fieldwork for the audit of Stakeholder Communications has recently been completed and a draft report will be issued shortly. Planning meetings for the audits of HR – Recruitment, Retention and Succession Planning and Project Management have been held.
- 2.3 At the request of the Audit Committee, we have been asked to undertake a review of compliance with HCPC procedures for Partner expense claims using the contingency days within the Plan. Timing for this work is currently being agreed with Management. The tax implications of Partner payments have been subject to separate advice provided by a Mazars Taxation Specialist.

3. Key issues arising from the internal audit programme to date

- 3.1 The following table provides a summary of assurances and the number and categorisation of recommendations in reports finalised to date.

Ref	Auditable Area	Level of Assurance (If appropriate)	Recommendations				
			Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total	Total agreed by Management
01.13/14	Follow Up	Not Applicable	-	-	10	10	10
02.13/14	Core Financial Systems	Substantial	-	1	2	3	3
03.13/14	Disaster Recovery / Business Continuity Planning	Substantial	-	-	1	1	1
		Totals	0	1	13	14	14
		%	0%	7%	93%		100%

3.2 We use the following levels of opinion and recommendation classifications within our audit reports:

Recommendation Classifications	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose HCPC to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose HCPC to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Levels of Opinion	Control Environment	Effectiveness of Controls
Substantial Assurance:	While a basically sound system of control exists, there is some scope for improvement.	While controls are generally operating effectively, there is some scope for improvement.
Adequate Assurance:	While a generally sound system of control exists, there are weaknesses which put some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses which put some of the system objectives at risk.
Limited Assurance:	Control is generally weak leaving the system open to significant error or abuse.	Control is generally weak leaving the system open to significant error or abuse.

4. Comparison to Detailed Audit Timetable for 2013/14

Auditable Area	Target Review Start Date	Actual Review Start Date	Target Audit Committee	Actual Audit Committee	Comments
Follow Up	1 July 2013	15 July 2013	September 2013	26 September 2013	Final Report issued.
Core Financial Systems	19 August 2013	19 August 2013	September 2013	26 September 2013	Final Report issued.
Disaster Recovery / Business Continuity Planning	16 September 2013	2 October 2013	November 2013	28 November 2013	See 2.1. Final Report issued.
Stakeholder Communication	11 November 2013	-	March 2014	-	See 2.2.
HR – Recruitment, Retention and Succession Planning	2 December 2014	-	March 2014	-	See 2.2.
Project Management	9 December 2013	-	March 2014	-	See 2.2.
Health and Safety	13 January 2014	-	March 2014	-	
Corporate Governance and Risk Management	27 January 2014	-	March 2014	-	
Audit Management	Not applicable	Not applicable	Not applicable	Not applicable	
Contingency	As requested		As requested		See 2.3. To be used for review of Partner expenses.