

Audit Committee, 15 June 2016

Draft Audit Committee annual report 2015-16

Executive summary and recommendations

Introduction

As part of the annual report and accounts, the Audit Committee provides a report to the Council and the Accounting Officer on their activity for the financial year.

The report has been drafted by the Executive and is presented to the Committee for discussion and approval.

Decision

The Audit Committee is asked to discuss and approve the report.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

07 June 2016

Audit Committee annual report to the Council and the Accounting Officer

The Audit Committee provides assurance on HCPC's processes and procedures to the Council and the Accounting Officer by:

- advising the Council and the Accounting Officer on the appointment of the internal and external auditors and reviewing their work;
- reviewing the internal auditors' programme, receiving reports on their work, and considering appropriate actions arising from those reports;
- reviewing the external auditors' management letters and any other relevant reports;
- reviewing the HCPC's Annual Report and Accounts and making recommendations to the Council as appropriate;
- monitoring the Executive's internal control and risk management processes and making recommendations to the Council as appropriate; and
- making recommendations to the Council on the HCPC's accounting policies, anti-fraud policies and 'whistle-blowing' processes.

The Audit Committee is made up of members appointed by and from the Council, plus one independent member. During 2015-16 the number of Council members on the Audit Committee was increased from two to three, bringing the total membership of the Audit Committee to four. The members who served on the Audit Committee during the year were; Richard Kennett (Chair), Julie Parker (independent member), Graham Towl (to 23 September 2015), Stephen Cohen (from 23 September 2015) and Eileen Mullan (from 10 February 2016). The independent member of the Committee has recent, significant and relevant financial experience.

The Committee met four times in the period 1 April 2015 to 31 March 2016. Attendance at these meetings is detailed in the table on pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.** of this report. The Chief Executive, members of the Executive Team, other staff members, the internal auditors (Grant Thornton LLP) and the external auditors (National Audit Office) attended Audit Committee meetings, by invitation.

During the year, the Committee provided advice and assurance to the Council by:

- considering internal audit reports and reviewing the Internal Audit Annual Report;
- reviewing the findings of British Standards Institute assessment reports;
- agreeing the internal and external audit planning reports;
- reviewing the draft Annual Report and Accounts for the HCPC along with the National Audit Office Audit Completion Report;
- reviewing the HCPC's Corporate and Project Risk Registers; and
- monitoring HCPC's progress on internal audit action points.

Following a tender process, Grant Thornton LLP were appointed internal auditors for the three years to 31 March 2018, succeeding Mazars LLP. Internal audit emphasis is focused on providing assurance on the integrity of our internal control, governance and risk management processes while also providing forward-looking and value adding advice to the Executive where possible. The internal auditors undertake an

approved programme of audits, reporting to the Committee on the effectiveness of controls and making recommendations where appropriate.

During 2015–16 the Committee considered internal audit reports on:

- HCPC's core financial controls;
- facilities management;
- the Registration project;
- the five year plan; and
- the consultation process.

Twelve priority two (significant) and eleven priority three (housekeeping) recommendations were made. No priority one (fundamental) recommendations were made.

A further internal audit report, on HCPC's complaints process, had been scheduled for 2015-16. Since the internal audit programme for 2015-16 was agreed, we decided to pursue certification under ISO 10002 (the International Organisation for Standardisation's standard on complaints handling) and the planned internal audit would have duplicated effort with the ISO certification process.