Audit Committee, 5 November 2019

Internal and External audit recommendations tracker

Executive summary

This report provides the Committee with progress updates on the implementation of recommendations arising from Internal and External audits. In addition, any significant Quality Assurance recommendations and recommendations arising from ISO standard audits will be added.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to note the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Date of paper

29 October 2019

Recommendations from internal audit reports

2019

Internal Audit report – Quality Assurance (considered at Audit Committee 10 September 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	7
Low	8

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	Our review of the QA reports and discussions with the Chair of Audit Committee highlighted that information sent to the Audit Committee is brief and does not include the full detail of the work being undertaken by the Department. For example the reports presented to the Audit Committee team did not: ▪ provide timelines and plans for the audits throughout the year for example broken down into Q1 through to Q4 of the year; ▪ report on the performance of the QA team; ▪ provide an overall significance or rating of the audit reports and the subsequent findings of the audits undertaken; ▪ identify how the work of the QA Department fit into the HCPC assurance map;	1. We recommend that Management reviews the current QA reports provided to Audit Committee and consider whether the following information should be included: • Timelines throughout the year of when reviews are expected to be undertaken and due to be completed. These are currently provided as part of the reporting to SMT. • Performance data of the QA team. • Significance and/or rating of reports. • Clear indicators of where the QA audits fit into the assurance map and overall assurance of the organisation.	Medium	1. As is documented, this is work that the Department is already undertaking. The QA Department report provided to Audit Committee will be developed over this financial year to provide a better overview of the work that the Department is doing in relation to the workplan, and to provide clarity about how the work of the Department fits in to overall assurance activities across the organisation.	Head of Quality Assurance **Completion date:** Q2-Q4 2019/20 **Progress update** 05/11/19 – Ongoing

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	▪ explain the positive impact that the QA Department is bring to the organisation. At the June's audit committee, these gaps were discussed and the Head of QA has committed to undertaking the changes within the report. We deem the above information to be important in ensuring that the Audit Committee can provide effect challenge. The Head of Business Process Improvement (HBPI) has recently transferred from the QA Department into the Governance Department. The audits undertaken for the organisation however still remains within the QA Department. Due to the change occurring during this audit, there is currently work ongoing to develop a framework of how the function will now work in light of this change. Historically, the HBPI has focused on British standards Institution (BSI)/ISO related audits. While Governance are now responsible for the management of ISO, the QA Department are still responsible for the auditing for the organisation. Audits currently undertaken for non-regulatory functions are mostly BSI/ISO related, and although this helps to maintain HCPCs ISO status, it does not give assurance in non-ISO related areas. We understand that the QA Department have recognised this risk and are currently reviewing the auditing	• The reasoning behind each audit undertaken and the benefits of undertaking such audits. These are currently 2. We recommend that as part of developing the framework for the ISO and non ISO audit activity that Management considers setting out the following: • Clearly define and outline the separation of assurance activities being undertaken by the QA Department and the Governance Department. • Considerations should be given to ownership, reporting, methodology and accountabilities for delivery. • In addition, the Head of QA, the Governance Department and the Internal Auditors should discuss other areas that could be audited that would add value to the organisation that are outside of BSI/ISO focused areas.	Medium	2. As is documented, this is work that the Department is already undertaking. A review of how the QA Department conducts non regulatory department audits started in July 2019 with the aim of developing organisational audits that fully reflect the current needs of the organisation. Part of this work will be to develop a framework between the QA and Governance Departments. This will set out roles and responsibilities, an audit plan and the various factors that have been considered in the production of the plan such as risk registers, assurance mapping, audit activity across the organisation and any organisation requirements such as ISO. This is the same approach that is taken in the determination of the regulatory department quality assurance frameworks in each financial year.	Head of Quality Assurance **Completion date:** Q2-Q3 2019/20 **Progress update** 05/11/19 – Ongoing

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	requirements for the organisation, taking into account the risk registers, assurance mapping, all audit activity and any organisation certification requirements (eg ISOs). A revised approach will therefore be designed and incorporated into a quality assurance framework. Additionally, a new Quality Assurance Development Manager has been recruited and one the roles of this post will be to develop a framework which details the working arrangements between the Governance Department and the Quality Assurance Department in regards to ISO compliance activities. At the time of clearing this report, work had commenced in developing the framework.				
2	Some training have been undertaken with the QA team. This training included aspects of the audit process, approach and methodology. The training also discussed best practice from other regulators. We deem the training done sets a good foundation, however it can be further enhanced by providing ongoing refresher training and using case study examples of audits from other regulatory areas and ISO compliance areas. Additionally, we also noted that sample selection methods are unstructured and need to be better streamlined as part of the team's audit methodology. Sampling techniques and methods can also be included as part of the ongoing training.	3. We recommend that the QA team undertake ongoing and enhanced audit techniques and methodology training. This will supplement existing training, skills and experience.	Low	3. As with all departments across the organisation, the QA Department has a learning and development plan for each financial year. We will ensure that suitable further training will be incorporated into the ongoing development for individuals and the Department. In response to the comment about sample methods, the Department does not have a standard sample size. Due to the differing nature of the audits carried out the sample size varies according to a range of factors such as the type of audit and the risk and impact of the area being audited. Sample size is therefore determined at the scoping stage of each audit. This approach has worked well for the audits that are being produced by the Department. Sample sizing and techniques also formed part of the internal training completed in the Department over this and the last financial year. We will however ensure that sample techniques and methodology will continue to be included in the learning and development plan for the Department.	Head of Quality Assurance **Completion date:** Q4 for 2019-20 **Progress update** 05/11/19 – Not yet due

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	Although the team are very knowledgeable in the areas in which they currently work there has been little cross training into other regulatory areas. To ensure a fully integrated QA team, it is important that all team members can undertake QA audits in all regulatory areas. This will also ensure that there will be continuity in the delivery of the annual QA plan should team members are on annual leave or other long term leave. Further discussions with Management confirmed that in the long term the organisation is working towards cross working within the Department.	4. We recommend that in the long term, as part of business continuity and succession planning arrangements, each team member be trained and undertake QA audits in each regulatory area. This will ensure there is full assurance coverage across all regulatory areas.	Medium	4. Wherever possible, in this financial year and last, we have identified opportunities to undertake cross team working within the Department. The managers work closely together on peer reviewing audit reports, providing input into audit activities, standardising audit materials and providing support for the service and complaints process. At officer level we have trialled a cross regulatory team member of staff and look to develop more cross working, particularly at this level. Research with QA teams at other heath regulators was carried out at the start of the year, to learn from their development as a central QA function and to determine if our structure and approach was suitable for the organisation. From this information it was apparent that, to develop to a stage where a QA team can undertake audits in any regulatory area, a long term approach is required across several years of development. The current aim is to develop a cross team working approach as much as possible within this financial year and revisit this objective when developing the workplan for next financial year.	Head of Quality Assurance **Completion date:** Review in Q4 for 2020-21 financial year workplan **Progress update** 05/11/19 – Not yet due
3	There is no audit charter at which the QA Department operate by and are held accountable to though information that would form part of a charter exists in the quality assurance frameworks and workplans. There is no overarching strategy document for the QA function though information that would form part of such a document exists in the quality assurance frameworks and workplans. Without a strategy there is the risk that the organisation's approach and objectives in	5. It is recommended that the QA function put an audit charter in place which will set out: ▪ the purpose of the function; ▪ reporting lines; ▪ roles and responsibilities; ▪ how audits will be selected to be undertaken (risk based approach); ▪ process for any deviations from the agreed audit plan; ▪ is a document that the QA function can be held accountable to; ▪ formally agreed at the Audit Committee.	Low	5 & 6: As is documented, much of the information that would form part of an audit charter and overall strategy is already documented in the Departments' workplans and quality assurance frameworks. We will look to produce these documents in the future so that this information can be provided to a range of stakeholders as standalone, high level overview documents.	Head of Quality Assurance Recommendations 5-10 **Completion date:** Q2 – implementation in Q1 2020/21 **Progress update** 05/11/19 – Ongoing 5-9

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	the context of its QA activities will not be detailed. A strategy should at the minimum set out an aim/key objectives to be met. Due to the timings of the change, a framework for the ISO specific audits and non-regulatory audits is not currently in place and should be produced and aligned with the new QA structure in place as the current framework is ISO focused and relates to the previous structure of the team. We understand that the new Quality Assurance Development manager has commenced the development of a framework to detail the working arrangements for ISO and non ISO activity between the QA and Governance Departments.	6. It is recommended than an overall strategy for the QA function is developed. As a minimum this should include the following: ▪ the overall aim and objective of audits; ▪ the methodology that is being followed in order to conduct their reviews; ▪ how the QA function will achieve its aims and objectives; ▪ how the QA function determines the reviews it undertakes; ▪ the audit plan for the year; ▪ any deviations from the audit plan should be fully documented.	Low	See above	
	Discussions with the business (the QA function's 'auditees') highlighted that in the case of one area, the auditee not aware of the findings of audits being undertaken until the draft report was issued. It is important that an exit meeting be a mandatory requirement as this is a key control in ensuring emerging findings and recommendations are discussed with auditees before the report is drafted. The review highlighted that the current performance reporting includes status and progress updates on individual reviews and against the annual plans. Performance reporting can be further enhanced through the introduction of	7. We recommend that an overall up to date framework is put in for the entire QA function and should include the three regulatory frameworks, the non-regulatory audits and it should be aligned with the new QA structure of the team. 8. An exit meeting should be a mandatory requirement as part of the audit approach. The meeting should be there to detail any findings that are identified throughout the audit process. It would also be beneficial for the QA team and officers to discuss areas of concerns identified and emerging recommendations. 9. We recommend that service standards targets are put in place to	Low Medium Medium	7. As is documented, the Department currently has quality assurance frameworks with the regulatory departments and is currently developing a framework with the Governance Department. We will look to produce an overall framework for the QA Department in the future so that this level of overview can be provided to a range of stakeholders. 8. We have started to implement exit meetings with heads of Departments in this quarter to discuss audit findings before drafting the reports. We will incorporate this into standard practice going forward. 9. As is documented, performance reporting currently indicates how audits are progressing against workplans	

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	performance metrics to measure the quality and timeliness of individual reviews and against the annual plan. This includes, for example, when audits are to be completed and reports are to be issued. Beneficiaries of the QA function, such as senior management and the Audit Committee do not get a clear sense of progress made against expected progress of work and thus the assurance they are getting. Further discussions with Management highlighted that conversations have commenced on developing a suite of service standards to measure performance of the QA activity. The scoping document reviewed, did not mention key staff to be consulted during the audit. This is important in ensuring that the right persons are consulted in carrying out the review. It also provides a clear evidence trail and clearly sets out expectations and parameters for the review.	monitor performance on individual audits and of the wider team in terms of delivery against the annual QA plan. All standards/targets should be SMART (specific, measureable, achievable, relevant and time-bound). These standards can support reporting to the Audit Committee. 10. Scoping documents should detail any key officers to be consulted as part of the audit fieldwork.	 Low	and senior management are provided with overall workplans and audit schedules for the financial year. The Department will continue to develop the performance reports to both SMT and Audit Committee to ensure that this progress is highlighted more clearly going forward. The Department will look to introduce applicable service standards across the QA functions to provide further information to stakeholders on the progress of delivery of the annual workplan. 10. The Department establishes the key contacts to liaise with in relation to each audit in the scoping stage of audits. This includes who to escalate any issues to. As the scoping document reviewed did not contain this information we will ensure that this is consistently recorded in this document going forward.	 Recommendation 10 has been **completed**
4	Reports do not contain an overall assurance rating, such as using a 'RAG' rating (RED AMBER GREEN). An overall assurance rating allows the reader at a quick glance to understand the overall assessment of the area audited. It would also inform future years' annual plan more easily. Recommendations produced are not currently given priorities of importance in any way. This therefore does not effectively support the business and other	11. We recommend that all reports should be given an overall assurance rating level. This can be based on an overarching assurance rating framework or differ based on the type of audit undertaken. A rating system similar to Internal Audit would be good to use, as it would also enable a read across to the work of internal audit. 12. We recommend that all recommendations are RAG rated or similarly priority rated. This will help to	Low Medium	11. The Department will look into the introduction of either an overall assurance rating level that would work across the range of audits that the Department undertakes or a ratings system based on the type of audit that is being undertaken. 12. Currently, the heads of departments receiving the audit reports review the recommendations, accept or reject these and determine the actions they will complete	Head of Quality Assurance Recommendations 11-14 **Completion date:** Q2 – implementation in 2020/21 **Progress update** 05/11/19 – Ongoing

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	independent recipients of the report in understanding the full, overall implication of the findings and to prioritise the implementation of recommendations to improve processes. Also, by rating recommendations the regulatory departments can prioritise implementation of recommendations and interventions for addressing findings.	identify which recommendations and issues need to be addressed as a priority and will help to more easily assign an assurance level to the report.		and timescales in which to complete these. These are then reviewed by the QA Department and SMT. The Department will look to introduce a priority rating for recommendations to assist departments across the organisation in identifying the QA Departments perspective on priorities.	
	Recommendations in reports do not always fully detail what is being recommended. For example in the Programme Report January 2019, 'Recommendation 1: The Education Management team should review the issues identified in this audit and undertake any required follow on actions'. The recommendation is broadly worded and does not clearly link the recommendations to the issues identified. Further, it does not detail in practical terms what the business should be implementing.	13. As is planned, an overall recommendation tracker for the QA function should be put in place. 14. We recommend that audits undertaken by the QA function include the areas with which it relates to with respect to the risk register.	Medium Low	13. As is documented, work is planned in Q2 to produce an overall recommendations tracker for the Department. This will bring together the regulatory departments individual trackers and aid monitoring and reporting. 14. Currently, the ISO audit reports produced by the Department include the part of the risk register that relates to the audit. In the current work being undertaken to develop organisational audits we plan to develop the links to the risk registers and other relevant sources of information in the reports. Currently, relevant areas in the risk register are also part of the information reviewed in order to determine the focus of the quality assurance frameworks and work plans for each financial year. The Department will consider incorporating reference to the relevant risk register areas in the regulatory department and service and complaints reports.	
	There is not an overall recommendation tracker in place for the overall QA function. This is an area of work in the workplan for quarter 2 for the QA Department. An overall recommendation tracker would be easy to manage, monitor, review and present to the Audit Committee. The Audit Committee have agreed to receive the QA recommendations alongside the internal audit report recommendations and external audit management letter points.	15. Management should consider the merits of providing more detailed recommendations to the Business within the reports.	Low	15. The recommendations produced by the QA Department aim to clearly identify issues and areas of improvement. From the audit reports reviewed as part of this audit, one recommendation has been identified as not fulfilling this criteria. The heads of departments receiving the audit reports review the recommendations and determine the actions they will complete and timescales in which to complete these as they are best placed to identify what the business should be implementing. We will ensure that all recommendations clearly detail issues and areas of improvement going forward.	

Assurance map (considered at Audit Committee 4 June 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	3

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	The finance systems SAGE and WAP are not well integrated and require a degree of manual input.	The finance systems and their integration should be considered to see if improved functionality can be identified.	Low	Revised Management response 10/09/19 SAGE and WAP are constraints until the systems can be replaced, therefore we need review the finance processes to create improvements plans for key risk areas e.g. cheque and postal order processing. This may also involve the production of improved control reports. The 2019-20 Budgets are being revised with the assumptions being clearly documented. The actual vs budget process is being revised with a turnaround lens resulting in a higher level of scrutiny of variances.	Director of Finance Target Date Required: **Progress update** 05/11/19 – The contract with Worldpay has been extended to allow electronic payments to replace cheques and postal orders.
2	Process maps are in place for the media handling and communications team to follow however these include staff names and re very basic. The escalation and approval procedures for communication/media channels both	It would be beneficial for the team to produce procedures or more detailed process maps, including staff job titles, expected timeframes and clear routes of approval. This will improve the first line of defence.	Low	The Quality Assurance Department will be assisting the Communications team in a review of processes as the Head of Communications had identified a lack of consistency in approach across communications teams and that staff names had been used instead of role names. The workshop is scheduled mid-June.	Head of Communications Target completion date: 31/10/2019 **Progress update**

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	for internal and external communication is not currently clearly documented.	The first line of defence can also be strengthened with escalation and approval procedures for communication/media channels both for internal and external communication. No recent third part review/assurance of this team has been undertaken. HCPC will benefit from an Internal Audit in this area.		An interim escalation route has been put in place until the revised processes are developed. The Communications team recommend an audit takes place three months after the new processes are developed to ensure these are embedded and sufficient.	05/11/19 – Completed. Process maps have been finalised and the audit **completed.** 10/09/19 - Process workshop was held in June, with draft process maps and briefing document created and being tested. These need further refinement, but are on track for the completion target of end October.
3	Assurances around the procurement function show weakness in the following areas. ***First line of defence*** A centralised procurement system is not in place, but is planned to be put in place in quarter 3. The current preferred supplier list is not up to date and includes suppliers that are no longer used. Staff involved with procuring goods and services have not had training ***Second line of defence*** Management reporting on procurement activity is not undertaken regularly	Updating of current preferred supplier listing. Appropriate training of staff involved in the procuring of goods and services. Capturing and monitoring of performance data related to procurement activity, for example procurement spend information, procurement routes, minimising supplier lists etc.	Medium	The HCPC has a centralised procurement support approach rather than a centralised function. A procurement policy is in place which includes thresholds and procedures. A procurement specific role is in place within the finance team to provide procurement support to other departments. An improvement plan will be created for our procurement function. The second line of defence – i.e. management reporting will be improved as a priority – e.g. ClickTravel.	Director of Finance 05/11/19 – the improvement plan is being developed 10/09/19 – see updated management response

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
				The third line of defence – i.e. expenditure commitment is being improved through the improved budget variance analysis.	
4	Controls within different areas in HCPC exist to help to address fraud risk. For example, the payroll function which is outsourced and approved for payment via both HR and finance, however there does need to be specific mitigations and assurances around fraud prevention. For example, there is a risk of fraud in the frontline regulations such as ID theft etc. There currently is no training in the following areas: • fraud and fraud awareness; • anti-money laundering, and • bribery and corruption. As part of its first line of defence arrangements, HCPC should ensure that all new staff undertake appropriate fraud awareness training in the aforementioned areas on commencement of their roles at HCPC and on a cyclical basis. Management should consider whether an external fraud risk assessment will be beneficial.	As part of its first line of defence arrangements, HCPC should ensure that all new staff undertake appropriate fraud awareness training in the aforementioned areas on commencement of their roles at HCPC and on a cyclical basis. Management should consider whether an external fraud risk assessment will be beneficial – this can be done as part of an internal audit plan.	Medium Low	This will be considered following the independent review findings. The Executive would welcome such a review should the Audit Committee agree to include this in the annual internal audit plan.	SMT A review of this area is included in the IA plan for 2019-20. Resulting recommendations will inform improvements in this area.

Key Financial Controls Review – Transactions Team (considered at Audit Committee March 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	3
Low	2
Improvement	None

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
1	**Finding** To ensure that HCPC can accurately process payments and refunds, and follow-up on overdue debt, the Transactions Team have to undertake a significant number of manual processes, reviews and validations. The current system, NetRegulate, does not have the functionality to automate any of the processes, and Management are currently implementing a new Customer Relationship Management (CRM) System which is more fit for purpose. This will be implemented in approximately two years, and significant work has already been undertaken as part of the requirements gathering phase. We understand that minimising the number of manual process was considered and a key aim when the requirements were drawn up for the new CRM system. Through our fieldwork we identified numerous examples of labour intensive manual processes with multiple reviews and validations, all of which has significantly impacted on the time spent processing transactions within the Transactions Team. This has also contributed to a reliance on the Transactions Manager. The Transaction Manager is supported by a team, who are trained in elements of the process, and there has been a concerted effort to share responsibilities and increase training to address this issue. Some examples of complex manual processes are captured below. It should be acknowledged that our sample testing did not identify any transaction processing errors. Refunds In order to process refunds, there are three different levels of review. The Transactions Manager, Director of Finance and Treasury Accountant all	Medium	Management should review and analyse the current processes and controls in place which the Transactions Team operate, and assess whether they are fit for purpose and if there is an opportunity to streamline and simplify them. To guide this process, Management should assess time spent against benefits, value and risks. As an example, efficiencies could be gained through management using a risk based sample checking approach to reviewing transactions, as opposed to all transactions in some instances such as refunds. To specifically address the examples within the finding, Management, in consultation with IT, may wish to consider: • Whether there an opportunity to remove and consolidate review steps in relation to processing refunds. • What mechanisms / applications can be utilised to set automated reminders for	**Owner:** Transaction manager **Date Effective**: 30 September 2019 **Progress** 05/11/19 – We are working towards no longer receiving cheques and postal / money orders. In addition, as part of the Registration Transformation Project we are streamlining processes and where possible automating them. 10/09/19 - We are sample checking refunds. Due to the volume of projects and priority of SWE project, access to consider changes to NetRegulate to auto-populate amounts in template letters has been deprioritised; we have reviewed templates to minimise manual intervention. Work on auto reminders is yet to begin.

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	perform varying degrees of reviews, including some duplication, before refunds can be processed. Non-payment from registrants The HCPC regulation stipulates that three payment request letters are required at different time frames (giving 21 days, then 14 days, and then a final removal notice on the 36th day). Manual calendar reminders are created within Outlook to prompt the issue of notice letters. This could be time consuming considering the volume of letters and the fact that the Transactions Manager will manually count the number of days of when the letter should be sent. The content of the payment request letters is populated through NetRegulate and MailMerge (automated addition of names and address from a database to letters), however the Transaction/Finance Officers need to manually amend the fee within the letters before these are posted. A sample of the letters is reviewed by a separate member of the transactions team, to ensure the values have been input correctly. **Risk** Overly complex manual processes are inefficient, time-consuming, and are more susceptible to human error. This risk is magnified where there is on over-reliance on key persons to perform manual processes and controls, as observed with the current Transactions Manager.		when payment request letters are due to be sent out. For example a spreadsheet with formulae and conditional formatting could flag when items are due. • Whether Netregulate or a mail merge function can auto-populate the fee value to be inserted into the payment request letters. We will prioritise improved control and exception reports. We will undertake Root Cause Analysis (RCA) for the key issues and develop Action Plans to resolve / minimise the risks. e.g. RCA of the cheque and Postal Orders has shown that by allowing electronic payment by new registrants should significantly reduce the volume of manual transactions.	04/06/19 - This has been included in the transaction manager's annual objectives. Work has not started yet due to the team's focus on external audit and in preparation of the SWE project.
2	**Finding** From a review of core policies and procedures which govern the Transactions Team, Registration Operations Team and Financial Accounting Team's operations, there were instances identified where documents do not clearly capture key processes and controls and where processes are not documented. Significant reliance is also placed on the knowledge of key personnel within HCPC. Specific observations include: • There is no detailed process document in place for credit controls. Although there is a process map, this is high-level and does not contain sufficient detail to re-perform the task without guidance from management.	Medium	Management will implement the following actions: 1) Develop a detailed process document for credit control related activities. 2) Produce a process document to provide guidance to the Registration Operations Team in relation to chasing for payments from registrants in fitness to practice cases.	**1) Owner:** Transactions manager **Date Effective**: 30 September 2019 **Progress** 05/11/19 – Awaiting approval by FD but a process document for credit control related activities (non-FTP) has been done. All current process documents capture the owner and date of review and reason. 10/09/19 – Training notes on the credit control / balance report process

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	• Fitness to practice cases are complex and decisions on whether registrants should be contacted for fees are based on a complex set of outcomes from the case. There is currently no documented guidance in place for the Registration Operations Team in relation to contacting registrants on fitness to practice cases on unpaid fees. • From our discussions with the Treasury Accountant we understand that the bank reconciliations process document does not reflect the current practice. The document does not specify the owner and review dates. • The Director of Finance's payment authorisation limit is £25,000, which is documented in a July 2018 council meeting paper. From our discussions with the Director of Finance we understand that she is able to delegate an amount to other managers in the team at her discretion and has delegated an authorisation limit of £10,000 for some expense items to the Head of Financial Accounting. These delegations are not documented and it is unclear whether the Council intends the £25k delegated amount to Directors to be sub-delegated without the Council's express authorization. • Detailed process documents are produced by the Transactions Manager on banking and refund processes, however these documents do not specify the owner and document review dates. **Risk** Lack of formally documented procedures heightens the succession risk in case of a loss of key personnel. This may lead to an incorrect/inconsistent application of key processes and decisions being taken. Outdated procedures can also cause confusion for a new person who joins any of the above teams regarding what processes to follow, and may lead to processing errors.		3) Update the bank reconciliations process document to reflect the current process in place. 4) Management should ascertain whether the Council intends the £25k delegated amount to Directors to be sub-delegated without the Council's express authorization. Based on the outcome of discussions with the Council, Management may have to document the delegations of authority capturing the Director of Finance's delegations. 5) Update all policies and procedure documents to capture the owner and dates of review. As part of the RCA of the process issues, we will process map the processes and document the control points. Improvement plans will be created based on risk.	(excluding those coming out of FTP processes which is covered by the Reg Ops team) has been done and requires approval by FD. **2) Owner:** Registration Operations manager **Date Effective**:30 June 2019 **Progress** 05/11/19 – This is **complete.** 10/09/19 - The deadline for this was 30 June 2019, but we haven't been able to meet that given workload and resource shortages. The guidance has been drafted and is in the final stages. It will be complete by 30 September 2019. 4/06/2019 - Not yet due. Current process documentation is in the process of being reviewed **3) Owner:** Head of Financial Accounting **Date Effective**:30 June 2019 **Progress** 05/11/19 – **Completed** 10/06/19 - Completed; **might require sign off** before the audit committee meeting

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
				04/06/19 **-** Agreed management action is in the Treasury Accountant's objectives and due in the second quarter. **4) Owner:** Director of Finance **Date Effective**:31 July 2019 **Progress** 05/11/19 – The scheme of delegation is currently being reviewed with a revised SoD to be presented to the Audit Committee in March 2020. 10/09/19 – see updated management response 04/06/19 – To be reviewed as part of the full review and update of the scheme of delegation. **5) Owner:** Transaction manager Registration Operations Manager Treasury accountant / Head of Financial Accounting. **Date Effective**:30 September 2019 **Progress** 05/11/19 – HOFA: About 80% of the finance procedures have been updated to include owner and review dates. The remaining 20% is currently being reviewed; this is due to the treasury manager being on long term sick.

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
				ROM - Registration already have a complete set of process guides. No action necessary for us. HOFA 10/09/19 – All Finance Procedure notes are currently being updated and will be completed by 30 September 2019 10/09/19 - All Transaction processes have been updated to include owner and review dates. 04/06/19 - Agreed management action is in the Treasury and Financial Accountant's objectives. Plans are in place to allocate a day a month to update procedures.
3	Management information and analysis surrounding aged debt balances are to be communicated to Senior Management. Frequency of reporting, and forums for which to report to are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories or reason codes for non-payment and these should be captured within the registrants balance report, in order to facilitate more detailed analysis and discussion. Areas to consider as part of reporting could include (but are not limited to): debtor trends over time (e.g.by profession), analysis on most common reasons for non-payment, and write-offs due to registrants being removed from the register.	Medium	Management information and analysis surrounding aged debt balances are to be communicated to Senior Management. Frequency of reporting, and forums for which to report to are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories or reason codes for non-payment and these should be captured within the registrants balance report, in order to facilitate more detailed analysis and discussion. Areas to consider as part of reporting could include (but are not limited to): debtor trends over time (e.g.by profession),	**Owner:** Transaction Manager **Date Effective**:31 July 2019 **Progress** 05/11/19 – Energysys have designed the debt report but due to the volume of projects and server issues, it has been challenging getting access to the UAT environment to test. 10/09/19 - Energysys have been engaged to design and produce via NetRegulate a debt report highlighting overall debt, current debt, 30 days, 60 days and 90+ days including the statuses and registration numbers. We

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
			analysis on most common reasons for non-payment, and write-offs due to registrants being removed from the register.	are awaiting deployment into the UAT environment of NetRegulate to test. In the interim, the TM includes reason codes via data validation tools into the current balance report for non-payment. 04/06/19 **-** Included in the transaction managers objectives. Some of reports recommended can be prepared internally and some will need assistance from the Supplier or It department.
4	**Finding** This audit identified some examples where information was not able to be shared between teams either at all or in a timely manner that has impacted on the ability for the Transactions Team to effectively process transactions and communicate with registrants. For example, hard copy registrant application forms are received by the Registration Team, stored short-term, scanned by a third party provider, and the scanned files are saved by IT onto NetRegulate for reference. Management advised that this process can take a number of months. There were 6/25 (24%) instances where registrant application forms could not be located, though three do relate to the prior three months. From our discussions with the Transactions Manager, we understand that in several cases the Transactions Team has spoken to registrants to request information that the registrant challenged was in their application form, leading to a negative registrant experience. The Transactions Team will request the registrant to fill in their payment information in a direct debit form, leading to duplication of work with the Registration Team. The Transactions Team is not able to view the email communications between the registrants and the Registration Advisors. We understand that there have been instances of errors made by Registration Advisors in processing registrant's details on NetRegulate (such as errors in recording the registrant name or direct debit details). The Transactions Team has then contacted the registrants for the information in order to process their payments, which has led to registrants challenging that the information was already provided to the Registration Team accurately.	Low	1) The Transactions and Registration team are to increase transparency and sharing of information. To facilitate this, both teams should define their information needs, and Management should determine the best way to facilitate/implement the sharing of information. 2) As an example this could include a requirement for increased detail on registrant's notes within NetRegulate, and/or copying the contents of email correspondence between Registration Officers and registrants on the NetRegulate communications log. 3) There should be an agreed timeframe in place by when the direct debit forms (including payment options) need to be uploaded by. As the Registration Team processes were out of scope, we were unable to determine the cause of the delay in uploading the registrant application forms on NetRegulate.	**1) Owner:** Registration Operations Manager **Date Effective**: 30 September 2019 **Progress** 10/09/19 - Complete. Notes are more regularly added to NetReg, emails sent are generated via the communications log to ensure there is a record and relevant communications amended / improved to include useful / important information. There has been no further feedback from Finance. **2) Owner:** Transaction Manager and Registration Operations Manager **Date Effective**: 30 September 2019 **Progress** 05/11/19 – Transactions are sharing information and adding notes. We are awaiting an update on SLA's for Direct Debits / Applications to be uploaded to NetRegulate records from Registrations.

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	Risk If the Transactions Team do not have access to registrant information and communications, there is a risk that they are unable to accurately process transactions and communicate with registrants. There is also a risk that both the Transactions and Registration Teams are communicating with the same registrant at the same time which could negatively impact on the registrant's experience.		The Registration Team should investigate the reason for the delay in uploading the application forms on NetRegulate, as well as establish and monitor SLAs with the third party provider when appropriate.	10/09/19 -The Transactions team are adding notes when making changes to NetRegulate records. We are awaiting an update on SLA's for Direct Debits / Applications to be uploaded to NetRegulate records from Registrations. 04/06/19 - High level discussion have been held with Registration Finance and Projects to see if processes can be simplified **3) Owner:** Registration Operations Manager **Date Effective**: 30 September 2019 **Progress** 10/09/19 - Complete. The process was reviewed in May and several meetings / conversations took place with our supplier (Service Point). As a result, several improvements were made by both parties, including improving the way in which we record and track work and monitor SLA. We also produced a guide 'NetRegulate bulk upload' user guide. 04/06/19 - This occurred mostly due to a number of changes of manager looking after this process. We took the opportunity to completely review and re-build the process, which has now been implemented and is working well. There is a process guide and QMS will be updated in due course.
5	**Finding** A significant number of errors (459 errors for the period April to December 2018) were made by Registration Advisor son registrant payment	Low	1) Management information and analysis surrounding errors made by Registration	**1) Owner:** Transaction Manager **Date Effective:**30 September 2019

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	details. During October and November ('busy period'), there were 214 errors from registration Advisors making up for over 45% of the total number of errors. However, it should be noted that out of the 214 errors, 70 related to stricter checks on cheques and postal orders, which were caused by a new process that HCPC's bank implemented. The Transactions Team detects and records these mistakes in a spreadsheet and sends a daily email to the Registration Team leaders and the Registration Operations Team detailing the errors captured. The Registration Operations Team also keeps a separate spreadsheet on the registration Advisor's performance which includes details on their payment errors. The format of these spreadsheets is free text and therefore cannot be used for analysing and reporting trends on main reasons for errors. There are current processes in place to feedback to Registration advisors on an individual basis, however, there is no mechanism to identify systemic training needs. The current feedback mechanisms may not be fit for purpose given the number of errors identified Furthermore, NetRegulate could automatically put the registrants on a removal process, if the registrant's payment is rejected and they are on a debit balance. In order to take the registrant out of the removal process on NetRegulate, the Transactions Manager has to manually remove the registrant from the online register and re-admit them. The online registration dates of the registrant are permanently altered. The Transactions Team will also need to ask the registrant for their direct debit payment details again, leading to a negative registrant experience. **Risk** Whilst we understand that the purpose of the Transactions Team is to capture any errors made by Registration Advisors in processing registrant payment details, this leads to an increased workload for the Transactions Team and potential instances of negative registrant experience.		Advisors when processing registrant payment details should be communicated to Management. Frequency of reporting, and forums are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories of reason codes for errors and these should be captured within the errors report, in order to facilitate a more detailed analysis. Areas to consider as part of reporting could include (but are not limited to) error trends over time, analysis on common reasons for errors, and analysis on errors per Registration Advisor. 2) There should be a forum where Registration Advisors receive regular training on common errors and how to improve the registration process. Depending on the preferred method of delivery Management may wish to leverage existing forums (e.g. team meetings).	**Progress** 05/11/19 – The errors report is now available in a read-only version to the managers of the Registrations team and the Reg Ops team whilst Finance / Transactions team have an editable version to add to the report. It can be viewed by Registrations management at any point to be used for feedback. **10/09/19 -** The Transactions team are on a daily and monthly basis sharing errors made by the Registration Department with the Reg Ops team to identify training needs. They include reason codes for errors. The TM has also shared FAQ's she created (e.g. graduate fees, how to enter payments) with some members of the Reg Management team to share with their teams. **2) Owner:** Registration Operations Manager **Date Effective:**30 September 2019 **Progress** 05/11/19 – Daily emails are still being sent, which is unhelpful. I understand the spreadsheet has been placed somewhere, but the team have been unable to access it. Awaiting information

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
				from Transactions. That said, the management team within Registration are reviewing the information provided regularly as well as discussing payment errors at our monthly performance management meetings. **10/09/19 -** Regular feedback is provided to Registration Advisors. However, feedback regarding payment entry errors is still being provided by email on a daily basis which is unnecessary and time consuming for both parties. Finance have a spreadsheet which they populate on a daily basis, but are still unwilling to allow us access to it until the end of each month.

186 Kennington Park Road (considered at Audit Committee March 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	2
Improvement	1

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
1	**Finding -** There is no evidence that a full cost benefits analysis was performed nor were benefits realisation tracking procedures established for the 186 KPR	Medium	The existing methodology caters for limited benefits Management through the net present	**Owner**: Head of Projects **Date Effective**: 31/03/2020

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
	project specifically, and we could not see evidence that a procedure exists whereby tracking is established for all projects. Based on interviews held, however, there is anecdotal evidence that benefits have been realised, though not given a financial value. For example, comments made to HCPC by visitors and from employees that the working environment has improved, though these comments as they stand do not facilitate assigning a financial value to the benefits realised. HCPC has a number of means to gather data to facilitate tracking of benefits as part of its business as usual processes, including monitoring of staff turnover and conducting staff surveys on the particular theme of the working environment. **Risk -** In the absence of benefits realisation tracking (monitoring, assessing and reporting), there is a risk that benefits may be significantly lower than expected and that the shortfall may go unnoticed leading to a business case that is no longer viable. Where benefits realisation is not reported, there is a risk that any opportunity to remedy any shortfall will be missed.		value (NPV) calculations submitted as part of Initiation. As per the existing Audit point referencing the updated Project Management methodology, which targets increased Agility and a focus on increasing the predictability of project outcomes, the Financial Year (FY) 2019-20 Workplan includes an activity to update the methodology in line with the draft government standard for project delivery (GovS002). This methodology update will embed benefits and the realisation plan both, during and post project at its core. Management will ensure that this methodology update retains a standard benefits realisation tracking procedure as part of its core scope. Immediate action: Re-enforce the existing process to ensure benefits are identified and presented during Initiation, along with proposed owners, proposed realisation timeframe and agreement is reached on the appropriate level of measure.	**Progress** 05/11/19 – This action is now **completed** 10/09/19 – Project Management Guidance has been reinforced, and reflect in the project manager guide with respect to Benefits identification and ownership. The Project RAID logs now include a benefits tracker which is an essential entry point for new project initiation. - At the point of initiation, benefits are reviewed and discussed on the options presented. - Preparation work is in progress for the end of year budget planning session and templates are being updated in line with the methodology refresh to ensure benefits and the required realisation plan is created and approved at project initiation. 4/6/19 **-** The immediate action are complete – the message has been reinforced to the team and it has been confirmed that all new projects will specifically address Benefit tracking, ownership and

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
				realisation planning at the point of Initiation. The initiation plan template has been updated to include the benefit work flow and the project management guide calls out the requirements. The considered by Council reinforces this. The full Benefit Management workflow will be completed as part of the updated methodology by March 2020.
2	**Finding** Contingency amounts for time and cost have been included at each stage of the renovation project. There is, however, no explanation of how the amount has been derived and how it has been assessed as reasonable for the particular project. There is also no procedure for approval of using contingency and no record stating how contingency has been used specifically in the renovation of 186 Kennington Park Road. **Risk** In the absence of a procedure to determine the amount of contingency to be added to a project plan/proposal, there is a risk that the amount may not be appropriate. In the absence of a procedure for approval of the use of contingency, there is a risk that it will be used to cover late completion or increased	Medium	The existing project management methodology calls for a standard 15% contingency on the capital expenditure (CAPEX) line. All project spend, including contingency falls under the governance of the project board. This message should be reinforced for all projects. Moving forward, the methodology update in response to the existing Audit point will further expand governance of the primary delivery phase to include formal stage gates and decision points for key events. During this methodology update, the level of contingency will be reviewed to ensure that an appropriate level is set per project if a straight 15% is not applicable.	**Owner**: Head of Projects **Date Effective:** 31/03/2019 **Progress** 05/11/19 – This action is now **completed** 10/09/19 – At the point of initiation, the recommended level of contingency is discussed with SMT and set to an appropriate level. The Project Board retains ownership over the use of the contingency – this is not delegated to the project manager. 4/6/19 **-**Contingency is owned by the project board and its usage is subject to the boards

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
				approval. At Initiation, all projects will refer to the 15% standard level on CAPEX to SMT and take guidance if they believe changes to level are required.
3	**Finding** The project initiation document and papers submitted to Council for the renovation project include costs but do not clearly identify the total value of benefits. The business case for the original purchase of 186 KPR did, however, include values for many of the benefits of the purchase option when compared with others considered at the time. For example, the expected additional costs of relocation outside London, such as potential redundancy payments, were described in detail. **Risk** In the absence of a full cost benefit analysis that justifies proceeding with a capital (or indeed any) project; there is a risk that the project may be authorised even if it is not financially viable or affordable. There is a further risk that the success of the project may not be easily measured at completion against its original objectives.	Low	As per point 1 (finding 1) in this paper, the project management methodology review will expand on the current options analysis and benefit tracking contained within the methodology. The existing methodology does reflect the need for benefit identification and NPV calculations, and these are now included in the project Initiation activities. Looking forward, Business Case options will be anchored by the benefits to be realised, over what time frame and at what cost. Where benefits are non-tangible, or it is not appropriate to calculate, it will be called out clearly in a benefit realisation plan.	**Owner**: Head of Projects **Date Effective**: 31/03/2020 See progress for point 1.

2018

Strategic and Operational Planning (considered at Audit Committee September 2018)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	None
Low	2
Improvement	1

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	The method in which HCPC communicates its Corporate Plan and strategic priorities to key stakeholders (e.g. Government and Professional Standards Authority (PSA)) is not being performed consistently across the organisation. For example, the Corporate Plan has been discussed with the PSA by the Director of Regulations to highlight the organisation's commitment in ensuring that PSA standards are of strategic importance. In contrast, the Corporate Plan has not been communicated to government representatives (e.g. assemblies and members of parliament) and education providers (e.g., universities). We also noted opportunities for enhanced collaboration between the Communications Team and SMT in terms of tailoring communication to manage stakeholder expectations, for example through implementing Personal Communication Plans (PCPs). At present, through discussion with members of Management, it was identified that SMT members are typically communicating with stakeholders through individual silos. Implication - Without agreed communication protocols in relation to HCPC's Corporate Plan and strategic priorities, stakeholders such as the PSA, government and education providers may not be aware of the organisation's strategic priorities for the future. A lack of involvement from the Communications Team when communicating to external stakeholders may result in stakeholder needs not being satisfied, or known best practice not being consistently applied across the organisation.	1)The Communications Team should ensure that HCPC's Corporate Plan is consistently communicated to relevant stakeholders, for example through the organisation's intranet, newsletters, CEO communication and/or holding local events/seminars. 2)The Communications Team should create Personal Communication Plans for SMT members and relevant Heads of Department with objectives over the next six to twelve months being documented and progress reviewed.	Low	The organisation's Strategic Intent is a public document and available on our website. Following Council's decision in March to replace this document with a revised Corporate Strategy and corporate plan, we will be undertaking this work in Q3 and will build in communications to relevant stakeholders once this work is completed. In May 2018, the Council discussed a new approach to stakeholder communications and engagement. Part of this was the development of personal communications plans. With the restructuring of the EMT, we recognised this would be a good opportunity to do this and work is currently underway. Collaboration with communications continues, particularly in the development of agendas and briefing notes for stakeholder meetings as well daily alerts to external issues.	**1)Owner:** ED of Policy and External Relations **Agreed date of implementation:** End of Q4 2018-19 **Progress** 05/11/19 – A dissemination plan will be put in place when the Corporate Strategy has been revised and approved at Council. (HoC) 10/09/19 - A dissemination plan will be put in place when the Corporate Strategy has been revised and approved at Council. (HoC) 16/05/19 - A dissemination plan will be put in place when the Corporate Strategy has been revised and approved. **2) Owner**: ED of Policy and External Relations

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					Agreed date of implementation: Ongoing **Progress** 05/11/19 – Action has been delayed due to inability to recruit to two key roles in Communications due to recruitment freeze. 10/09/19 – A Personal Engagement plan for ED of Policy and External Relations is in development. Action on further plans has been delayed due to turnover of staff in Communications. Inability to recruit to two key roles in Communications due to the recruitment freeze is likely to mean slow progress going forward. (HoC) 16/05/19 - This is work in progress and part of the Communications Department workplan