Audit Committee, 17 September 2020

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

9 September 2020

Recommendations from internal audit reports

2019/20

Internal Audit report – FTP end to end process review (considered at Audit Committee 04 March 2020)

Recommendations summary

Priority	Number of recommendations
High	0
Medium	2
Low	0

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1.1	**Key Risk Area 1: End to end FtP Process** **FtP end to end process (triage)** · The Case Management Manual (The Manual) states that the triage stage should be completed within two weeks of receipt of the concern. In 9 cases sampled, these were triaged outside the two week deadline. When deadlines are missed there is a risk of reputational damage, key performance indicators not being achieved and the risk that registrants are not appropriately removed from working with members of the public in a timely manner. · During the two-week triage period, all concerns must have an initial risk assessment completed within five working days of receipt of the concern. It was identified that in 14 cases this timescale had not been achieved. Where an initial risk assessment is not completed there is a risk that an interim order is not actioned in a timely manner and the registrants are continuing to	1 - We recommend that HCPC ensures that the triage process is sufficiently resourced so that all cases can be processed in line with the standard timescales. We recommend due to the complexity of the concerns raised, that HCPC should consider it's approach in resourcing to manage high influx of concerns. This could include use of external lawyers.	Medium	1 - Whilst SW cases were included, some team members had over 80 active cases. Now, after the transfer, that has reduced to 45-50. A range of management interventions to ensure cases progress to closure or threshold decision are being introduced, including expanding the profession specific approach, and matching the capacity required for cases that need to go to ICP panels. We will evaluate the impact of case flow assumptions in Q1+2 2020/21	1. **DL CRT** **Completion date**: Q2 2020-21 **Progress September 2020** The capacity and demand modelling now confirms that the Triage team is sufficiently resourced to manage incoming referrals, which have now returned to their pre-COVID levels. From September, we are introducing new daily triage targets to ensure the

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	work with members of the public. · For 16 cases sampled, these did not meet the 2 working days from triage to Case Team Manager allocation service standard. Allocations were found to range from 3 to 48 working days. Management advised, that The Case Reception and Triage time was recently established in May 2019. In addition there was no Manager until June 2019. During this period HCPC were heavily reliant on temporary and fixed term staff due to resourcing issues. Where service standards are not met there is a risk that cases are not being dealt with as efficiently as possible and bottlenecks exist. · In one instance, the Case Manager did not send an acknowledgement letter to the complainant. This oversight however was identified by the Case Team Manager, 22 working days after the acknowledgement should have been sent. The Case Team Manager telephoned the complainant to apologise and to set out the next steps. In addition, the Case Manager sent a written acknowledgement following the telephone conversation. Where complainants are not acknowledged in a timely manner there is a risk that duplicate complaints will be raised by complainants which can cause a strain on internal resources. A case was transferred to the Serious Case Team and no acknowledgment letter was sent by the Case Manager. When we queried this further, the Serious Case Team had sent the letter two days later once it was transferred across. The Threshold guidance is not explicit as to which team should send the acknowledgement in cases which are referred to the Serious Case Team. The Department Lead - Case Reception & Triage advised that they have now advised the Case Team 1				consistent and timely flow of cases through this first decision point. Progress June 2020: The Business Improvement work is establishing a capacity and demand model that will support us to improve flow through the FTP process. Early indicators from this are that the Triage team is sufficiently resourced to manage post-SW referrals. However, the Triage process has been impacted by COVID-19 and the noticeable rise in FTP enquiries and additional COVID-19 related concerns we are receiving. Resource planning has taken place to respond to this.

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	that they should send an acknowledgement letter (unless there are specific reasons not to) before transferring over to the Serious Case Team. Where acknowledgement letters to the registrant and the employer are not sent there is a risk that registrants are practicing while posing risks to patients and the public depending on the severity of the concern.				
5	**Key Risk Area 6: Quality assurance** · The QA team produce a performance report that is sent to the Audit Committee and Council. The performance report states the audits completed and due to be completed, in addition to the rationale for the upcoming audits. It would be beneficial if the report included the recommendations made and what percentage of these are still outstanding to be completed and the number that have already been completed. Where the Audit Committee and Council is not clear on the stages of recommendation implementation there is a risk that the full value of the QA team is not realised. · The FtP tracker in place has two issues. The first is that there are outstanding recommendations, of which some of these should have been implemented by December 2018. The reasoning for these not being completed is the FtP QA team are awaiting the FtP manual. Where there are delays in the completion or the finalising of the FtP manual there is a risk to the efficiency of the FtP process. The FtP tracker has audits that have been issued to the FtP team in the period covering May 2019-June	12. We recommend that the QA team include the number of recommendations that have been made, implemented and still pending implementation when reporting to Audit Committee and Council. This could be written as pure statistics to be quick to produce, read and understand.	Medium	12 - This fits in with previous recommendations from internal audit that the Quality Assurance Department are already undertaking – to produce a central recommendations tracker and to develop the departmental report to Audit Committee.	12. **Quality Assurance Lead** **Completion date**: Q1 2020/21 **Progress September 2020** This has been included in the September QA reporting to the Audit Committee. Feedback will be sought from the committee on how this has been presented and this learning will be taken forward for the Nov Audit Committee reporting. Progress June 2020: New QA Lead/team to

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	2019. However, the tracker has not been updated to include the responses from the FtP team nor does the tracker have responsible officers or due dates to completion for these recommendations. There is a risk that where issues are identified these are not resolved in a timely manner and corresponding risks are allowed to persist.				review current information provided to the audit committee and produce a methodology document that includes a rating system for future audits

Recommendations from internal audit reports

2019/20

Internal Audit report – Business Continuity Planning (considered at Audit Committee 04 March 2020)

Recommendations summary

Priority	Number of recommendations
High	0
Medium	1
Low	0

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
5	**Key Risk Area 5: Business continuity testing** · Given that we have identified some gaps in current BCP arrangements at HCPC (see KRA 1-4),	6. HCPC should address identified gaps in the current BCP and schedule another planned BCP test to ensure that updated areas are working effectively.	Medium	6 - A further test will be carried out in the next Financial year	6. **Roy Dunn CISRO**

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	BCP arrangements will need to be tested to ensure that these areas are working effectively.			COVID-19 response (essentially a major interruption to normal business operations negates any immediate requirement for BCP testing) March – June 2020.	**Completion date**: 31/03/2020 **Progress September 2020** Ongoing - Live test in Covid-19 response Progress June 2020: Live test in Covid-19 response

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

Recommendations summary

Priority	Number of recommendations
High	None
Medium	4
Low	5

	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	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	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. **Update June 2020**:	1 **Quality Assurance Lead** **Completion date:** Q2-Q4 2019/20 (revised to Q1-Q2 2020/21) **Progress September 2020:** For the Sept QA report to the Audit Committee the

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	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; ▪ 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	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. • 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	Medium	• Due to significant changes to ways of working across the organisation due to the Covid-19 pandemic, normal QA activities have been temporarily suspended during Q1. As such, there has been a delay in the production of the Quality Assurance Framework for 2020-21. • The intention is for the QA team to trial a new approach to quality assuring FTP processes during Q1-Q2. This is subject to ongoing business improvement work in the FTP department which may be delayed as a result of the Covid-19 pandemic. • The previous Head of Quality Assurance left in Q4 2019-20. A new QA Lead is now appointed. 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	content has been revised to include: -The QA schedule, detailing timelines, and reporting deadlines. -Assurance ratings of QA activity -Details on the reason for the QA activity, and which PSA standards and strategic risks these support. Feedback will be sought from the committee on how this has been presented and this learning will be taken forward for the Nov Audit Committee reporting. **Progress update BDO follow-up Audit June 2020 Overall assessment:** In progress - overdue We were notified that the Head of Quality Assurance (QA) has now left the organisation and a QA Lead has yet to be appointed. In light

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	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 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.	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.		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.	of Covid-19, any planned QA activities have been temporarily suspended for part of Q1 2020-21, but have now resumed. **HCPC Progress June 2020:** QA Lead/team to review current information provided to the audit committee and produce a methodology document that includes a rating system for future audits. Audit frameworks for respective regulatory departments to be developed and to determine where QA fits within the assurance map. 04 March 2020 – Ongoing 2 **Quality Assurance Lead Completion date:** Q2-Q3 2019/20 (revised to Q2 2020/21)

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					Progress September 2020: The QA lead is working with the CISRO to develop a collaborative way of working that will have clearly defines roles of assurance while ensuring that areas of risk being identified and being addressed. **Progress update BDO follow-up Audit June 2020 Overall assessment:** In progress - overdue A QA action plan for 2020-21 has been developed and this recommendation will be reviewed in Q2 2020, once a QA lead has been appointed. A draft Organisational Assurance Framework, which was produced for 2019-20 by the former Head of Quality Assurance and the former Quality Assurance Development

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					Manager, will be reviewed as part of the QA action plan for 2020-21. **HCPC Progress June 2020:** New QA Lead/QA team to review this framework and liaise with Chief Information Security and Risk Officer and Head of Governance to clarify roles and responsibilities across teams. 04 March 2020 – The organisation framework (for non-regulatory audits) has been produced and pilot audits run. Given the current revised approach to ISO certification, movement of the QA Department into Governance and the change in approach for quality in the organisation this activity has been delayed.
2	Although the team are very knowledgeable in the areas in which they	4. We recommend that in the long term, as part of business continuity and	Medium	4. Wherever possible, in this financial year and last, we have identified opportunities to undertake cross team	**4 Quality Assurance Lead**

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	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.	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.		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.	**Completion date:** Review in Q4 for 2020-21 financial year workplan (revised to Q1-Q2-Q3 2020/21) **Progress September 2020:** The QA team continue to work towards being a fully cross-skilled well rounded department. Since June the education quality manager undertook an audit of the FtP hearings process, which they were able to execute effectively and is now in the reporting stage. In order to show our commitment to having a cohesive QA department a request has been put to HR to change the job titles of the separate department quality managers to Quality Assurance Manager. With new systems and processes coming in place in both Registration

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					and Education, there is also an opportunity for the team to all be trained on these, allowing us to again move away from having dedicated department QA mangers. **Progress update BDO follow-up Audit June 2020 Overall assessment: In progress - overdue** The QA team has undergone training in Lean auditing and root cause analysis in February 2020. This training has fed into the QA action plan. Work has also begun in developing a new approach to quality assurance activities with a trial of new ways of working in 2020-21. The current focus is on Fitness to Practise (FtP) activities and all members of the QA team

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					have begun training to share knowledge of FtP processes. **HCPC Progress June 2020**: QA team to trial new ways of working regarding FTP audits in 20-21. QA future state workshops with John Ettles, Lean 6 Sigma consultant with the Business Improvement team. QA team to ensure that methodology document encourages cross team working throughout QA activities eg scoping meetings, root cause analysis, conducting audits… QA team to continue peer reviewing 2019-20 audit reports 04 March 2020 – Ongoing the FTP QA manager is holding weekly briefing sessions for the Education and Registration

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					managers on FTP process to improve knowledge with an aim to cross working.
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 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. Discussions with the business (the QA function's 'auditees') highlighted that 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. 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. 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	Low Low 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. See above 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	**Quality Assurance Lead** Recommendations 5-10 **Completion date:** Q2 – implementation in Q1 2020/21 (revised to Q1-Q2-Q3 2020/21) **Progress update Progress September 2020:** 5. With the new QA lead in post a QA charter will be investigated and developed in Q3 2020-21 in line with the Audit charter in place. 6-7 The QA Methodology and QA Framework have been finalised and approved. These documents cover the details recommended for a QA strategy and provide clarity and accountability on the process and timeliness of QA activity. The QA

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	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 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.	aligned with the new QA structure of the team.		the future so that this level of overview can be provided to a range of stakeholders.	framework encompass all QA activity across regulatory departments as well as the QA department work plan and schedule. Progress June 2020: see Risk 1 for update – New QA Lead/QA team to present the framework at the Audit Committee for approval Q2-Q3 04 March 2020 – Ongoing 5-7 Given the delays to the organisational framework (for non-regulatory audits) and the change in approach for quality in the organisation this activity may be delayed.
4	Reports do not contain an overall assurance rating, such as using a 'RAG' rating (RED AMBER GREEN). An overall	11. We recommend that all reports should be given an overall assurance rating level. This can be based on an	Low	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	**Quality Assurance Lead** Recommendations

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	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 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. 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. 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	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 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. 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	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 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. 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.	11-14 **Completion date:** Q2 – implementation in 2020/21 (revised to Q1-Q2 2020/21) **Progress September 2020: COMPLETE** 11. All QA reporting since July 2020 are assurance rated. The rating system is similar to that of internal audit to allow for continuity and consistency. 12. RAG ratings for recommendations has been introduced and is being imbedded in the QA process, as per the finalised QA methodology document. 14. All QA activity has been mapped to the risk register, to clearly show how each activity benefits and mitigates against risk. **Progress update BDO follow-up Audit June 2020 Overall assessment: In**

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	Committee. The Audit Committee have agreed to receive the QA recommendations alongside the internal audit report recommendations and external audit management letter points.				**progress – not due yet** As the Quality Assurance Lead is yet to be appointed this recommendation has not started. However, this work has been captured within the QA Action Plan for 2020-21. HCPC Progress June 2020: See Risk 1 for update 04 March 2020 - Not started 11-12 04 March 2020 – Ongoing 14 - Given the delays to the organisational framework (for non-regulatory audits) and the change in approach for quality in the organisation this activity may be delayed.

Assurance map (considered at Audit Committee 4 June 2019)

Recommendations summary

Priority	Number of recommendations

High	None
Medium	1
Low	0

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
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. The third line of defence – i.e. expenditure commitment is being improved through the improved budget variance analysis.	**Director of Finance** Target Date: 31 October 2020 **Progress September 2020:** Improved procurement management information have been included in the finance report that gets presented to SMT on a monthly basis. Improvements to monthly budget variance analysis has been made as part of the production for the new financial forecasting model. **Progress update BDO follow-up Audit June 2020 Overall assessment: In progress – not due yet** A Procurement Improvement Plan was presented to the Senior Management Team

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					in November 2018. The current work that has been completed against the plan is the following: Updated the list of suppliers on the E-sourcing system and have worked with individual departments on uploading their contract documents to the system. - Provided training on the E-sourcing system to all contract managers and to a number of individual teams e.g. Learning and Development. The suite of procurement KPIs proposed under the Procurement Transformation Plan is still being developed. **HCPC Progress June 2020:** Procurement related management information has been included within Finance report that goes into SMT. There has been delays

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
					with the implementation of new approval routes for Click due to Covid-19. March 2020 – the team is working with ClickTravel and budget holders with aim to give individual department authority to review and approve out of policy bookings. Reports have been written to allow regular reporting to SMT. Through the Finance restructure a procurement specific role has been created, together with a FP&A team to allow improved budget variance analysis. 05/11/19 – the improvement plan is being developed 10/09/19 – see updated management response

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

Recommendations summary

Priority	Number of recommendations
High	None
Medium	3
Low	0
Improvement	None

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
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. • 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	Medium	Management will implement the following actions: 1.Develop a detailed process document for credit control related activities.	**1) Owner: Financial Control Manager** **Date Effective**: 30 September 2019 **Progress** **Target date: 31 October 2020** **Progress September 2020:** The balance report process notes which documents how debtor balances are reviewed and actions have been reviewed and updated. **Progress update** **BDO follow-up Audit June 2020** **Overall assessment: In progress - overdue** The Finance Director confirmed that the Transactions Manager has left the organisation and all current processes and controls are currently under review. **HCPC Progress June 2020**: Due to other priorities such as year end and audit, policies are yet to be reviewed by the Financial Control Manager March 2020 – Following the Finance restructure, all policies will be reviewed by the Financial Control Manager

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	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 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.	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 (excluding those coming out of FTP processes which is covered by the Reg Ops team) has been done and requires approval by FD. **3) Owner:** **Financial Control Manager** **Registration Operations Manager** **Treasury accountant / Head of Financial Accounting.** **Date Effective**:30 September 2019 **Progress September 2020:** We are in the progress of updating all financial procedures with the aim to complete the review by end of September. A list of all finance policies have been collated and mapped with their next review dates. **Progress update** **BDO follow-up Audit June 2020** **Overall assessment: In progress - overdue** The Finance Director confirmed that the Transactions Manager has left the organisation and all current processes and controls are currently under review. **HCPC Progress June 2020**: Due to other priorities such as year end and audit, policies are yet to be reviewed by the Financial Control Manager

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
				Target Date: **31 October 2020** March 2020 – Following the Finance restructure, all policies will be reviewed by the Financial Control Manager 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. 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.	**Owner: Financial Control Manager** **Date Effective**:31 July 2019 Target Date: **31 October 2020** **Progress September 2020:** We are currently in the process of developing KPIs relating to debtors balances so that they can be included in the monthly finance report for September, to be reviewed by SMT in October. **BDO follow-up Audit June 2020**

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
			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.	**Overall assessment: In progress - overdue** The Finance Director confirmed that the Transactions Manager has left the organisation and all current processes and controls are currently under review. Progress June 2020: Testing of the debtor report has commenced in UAT environment, we are awaiting result of this before deploy it into live environment. March 2020 – The debtor report is yet to be tested in UAT environment, we will work with the project team to find a gap between projects to complete the testing. 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 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

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				internally and some will need assistance from the Supplier or It department.