

Finance and Resources Committee Meeting –16 March 2009

FINANCE DEPARTMENT WORKPLAN – PUBLIC PAPER

Introduction

The Finance department work plan is attached for the forthcoming financial year, subject to approval of the annual budget.

Decision

The Committee is requested to approve the document.

Background information

Nil

Resource implications

Nil

Financial implications

Nil

Appendices

Appendix One – Finance Department work plan 2009-2010

Date of paper

5 March 2009

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Finance Department

2009-2010 Work Plan

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Introduction

The Finance department

The Finance department's main responsibilities are:

- To monitor the financial well-being of the HPC and advise the Council and Committees of the need for adjustments to the business plan and strategy in a timely manner,
- To produce the statutory financial statements and the financial sections of the HPC Annual Report,
- To produce the monthly management accounts,
- To provide financial forecasting and analysis to support the Council and Committees in developing strategy and policy,
- To maintain good internal financial control and risk management including compliance with the HPC Financial Regulations,
- To manage the payroll/pensions process and arrange supplier payments,
- To collect fee income and ensure the Netregulate Registration System records are accurately updated for financial transactions,
- To manage the relationship with key external suppliers; the HPC's bankers, internal auditors, external auditors, financial software providers, HMRC, building valuers, investment fund managers and pension scheme providers,
- To provide procurement guidance including; tenders, supplier analysis, supplier credit ratings, supplier spend and supplier record management (Lotus Notes supplier database).
- To deliver Finance projects to enable process improvement and enhance risk management.

This document

This document aims to set out the work priorities for the financial year April 2009-March 2010 and provide a basis against which the work of the Finance department can be planned and measured.

The work plan outlines details of the operational work and planned projects, given the resources, service standards and process deadlines. The Finance department aims to be both proactive and reactive in its work. The reactive element arises as a result of changes in the external environment which impact the department directly, or indirectly in the form of support to other departments. For example, changes in government legislation and changes to the onboarding timetable for new professions, the timing of which is difficult to predictable.

Priorities 2009-2010

A key priority for the Finance department is effective day-to-day management of the main operational processes. Key goals are; policy compliance, service consistency, accuracy, process efficiency and timely completion of the process (to deadlines).

A second key priority is effective management of the supporting activities. These activities typically include utilising external expertise to provide timely advice and diversify risk. Examples include; converting from UK GAAP to IFRS reporting, managing money market and investment funds, closing old pension schemes, updating the Fees Order legislation for fee changes and developing procurement documentation.

A third key priority is the effective delivery of projects. Finance department employees are involved in managing finance projects, completing project tasks and providing support (typically in the design and testing aspects) for some projects run by other departments. All finance projects involve assistance from at least two other departments i.e. the IT department and Operations Office (project management assistance). Some projects involve using external parties. For example, in software development and/or providing legal expertise.

From a stakeholder perspective, key stakeholders for the department include; Registrants (Fee rises and Netregulate financial transaction queries), the Council and its Committees - particularly the Finance & Resources Committee and Audit Committee, the Executive Management Team, budget holders, HPC employees and suppliers.

Resources

The 2009-2010 Finance department budget and work plan involve utilising a team of eight full time Finance employees. The eight roles are: Director of Finance, Financial Controller, Management Accountant, Financial Accountant, Finance Officer, Purchase Ledger Officer, Transaction Manager and Transaction Officer.

Regarding financial resources, the work plan assumes a Finance department operating cost budget for 2009-2010 of approximately £635k, and Fee Rise budget of £8K.

External resources are used to provide person cover (for annual and sick leave) on key processes. Aspects of some Finance projects and Finance supporting activities are performed by external suppliers, as outlined above.

Risk Management & Business Continuity Planning

The Finance department manages a range of ongoing HPC risks using various risk mitigations. The risks can be grouped under six broad themes as follows:

Financial accuracy

For example, risks associated with financial reporting, ensuring tax legislation compliance and obtaining an unqualified audit opinion on the financial statements (year end statutory reporting and annual report process).

Cost control

For example, risks associated with large capital project cost over runs or an unexpected rise in operating expenses.

Asset value protection

For example, risks associated with the value of bank deposits and investment funds.

Financial liquidity

For example, risks associated with insufficient cash available to meet commitments.

Financial solvency

For example, risks associated with implementing fee rises (Fee rise project) and collecting fee income from registrants.

Financial service provision

For example, risks associated with financial distress of HPC suppliers (impacting HPC processes and projects) and inability to pay creditors.

The disaster recovery site at Uxbridge has been set up to provide alternative physical premises. Periodically a business continuity exercise is carried out which tests each department's ability to ensure service provision. Other mitigations are also in place including; financial procedure documentation, person cover, daily data backups, offsite record archiving, storing financial stationery and equipment at the Uxbridge site. Refer also Risk Register, section 2 on Operations and section 17 on Data Security.

See also Appendix One for how Finance processes relate to the risks outlined in the Risk Register.

Main Operational Processes

There are six main processes which generate the bulk of the Finance department's work throughout the year. The processes are; the year end statutory reporting & annual report process, the monthly reporting process, the payroll/pensions process, the supplier payment process, the forecasting & budgeting process and the transaction management process. The following paragraphs provide further detail on these processes.

1. Year end statutory reporting and annual report process

Production of year end financial statements is performed during the period April to July inclusive, in accordance with UK generally accepted accounting principles (UK GAAP) and the Government Financial Reporting Manual (FReM), published by H.M. Treasury. The management commentary, audit reports, statement of internal control, financial statements, accounting policies and notes to the accounts are included in the final sections of the Annual Report.

The Annual Report is produced jointly by the Communications department, Secretariat and Finance departments, with input from a number of contributors. After the Annual Report has been audited by HPC's external auditors and the National Audit Office¹, it is submitted for approval to the Finance & Resources Committee, Audit Committee and Council and then tabled in Parliament. Once approved by Parliament, the Annual Report is published and made generally accessible.

2. Monthly reporting process

The year to date management accounts and variance commentary are produced by the Finance department, reviewed by budget holders and EMT and submitted to the Finance & Resources Committee to note progress against budget. The management accounts report departmental and project spending (opex and capex) against budget to highlight year to date income and spending, balance sheet, cash flow statement and significant deviations from budget.

3. Payroll and pensions administration process

Employee payroll and pension contribution payments are processed on a monthly basis by the Finance and HR departments. Finance processing includes updating the Payroll system for new starters, leavers, overtime and salary changes, issuing payslips, making tax & NI deductions & payments and making salary payments using Natwest Autopay facility. There are approximately 113 permanent employees

¹ The latest HPC s60 Order enables the Controller & Auditor General (C&AG) to act as HPC's statutory auditor, subject to the C&AG resolving any professional ethics issues which might arise from performing both the statutory audit and the certification & oversight roles outlined under the 2001 HPC Order.

and 55 pension scheme members. Category one² Council and Committee members payroll processing is also performed once a month and is processed separately from the employee payroll.

4. Supplier payment process

Supplier pay runs for approved suppliers are performed every two weeks by the Finance department, with employee expense claims processed on a weekly basis. There are four types of supplier payments; trade supplier payments, employee expense claims, category two³ Council & Committee member payments and partner payments. One off supplier payments are actioned on an ongoing basis.

5. Forecasting and budgeting process

Each year, the Finance department works with all other departments to compile three forecasts and one annual budget.

The most significant forecast is the Five Year Plan, produced in August-September. The Five Year Plan links to the Strategic Intent document in quantifying key assumptions, financial projections of income & cost by department, the capital expenditure plan and cash flow projections. It includes headcount projections by department, registrant & applicant volumes by profession including new professions. It also includes registrant and applicant volumes by type (International, UK Graduate Registrants etc).

Year one of the Five Year Plan essentially becomes the basis of the forthcoming Annual Budget and relates to project and departmental work plans over the forthcoming financial year. A further benefit in updating the Five Year Plan is in identifying changes in cost structure as background for future fee-setting.

The income model within the Five Year Plan identifies accrued income in the forthcoming financial year by profession and fee type. A key component of the Income Model is registrant and applicant volume-forecasting. Volume forecasting (existing and new professions) is a service provided by the Policy & Standards department with input from other departments.

The six and nine month forecasts are high level forecasts prepared in October and January respectively, to forecast the year end income and expenditure result.

Finally, the Annual Budget process. It involves all departmental budget holders, and input from the Operations Office in compiling the project

² Council and Committee members who declare themselves to be HPC office holders and are not self-employed.

³ Council and Committee Members who declare themselves to be principally employed by another employer and are not self-employed.

plan. Compilation of the budget by the Finance department runs over the period November to March and involves several review steps. The final steps are to gain approval from Council in March 2009 and to phase the budget by month.

6. Transaction management process

A key aspect of the Netregulate Register is maintaining the accuracy of the Sales and Debtor's Ledgers within Netregulate. Each month, the Finance dept extracts and summarises the detail from Netregulate for financial reporting purposes.

At renewal, fee charges are automatically put on Registrant records, with the Registrations and Finance departments jointly collecting the income (direct debit, cheque and credit card payment). Updating the billing records in Netregulate for DD collections is done using payment reports downloaded from BACS. The average volume of registrant collections made via DD is about 22,000 per month with an average value of about £39. The Finance department reconciles the streamline report (credit card receipts) to bank statement details & the SAGE cashbook on a daily basis and arranges the daily banking of cheques received.

Rejections arise when the HPC receives notice from the registrant's bank that their direct debit mandate arrangement has been rejected. Unpaid registrations are followed up with reminder to pay letters (using mail merge and form letters) sent out to registrants within ten days of receiving the bank notification. Three weeks grace is then given to respond, a final letter sent out (with a further 2 weeks grace period) and the registrant then lapsed as a final resort. The average volume of rejected items is about 365 per month with an average value of about £32.

Refunds⁴ of fee overpayments and collection of outstanding debtor balances (failed direct debit arrangements) is an ongoing process performed by the Finance department. The average volume of refunds made to registrants is about 105 per month with an average refund value of about £43.

⁴ Refunds arise from voluntary removal from the register, registrants being lapsed but having a credit on their account, or registrants making an overpayment.

Supporting activities

There are five main supporting activities that contribute to the Finance department's workload during the year. The IFRS conversion and closing down the legacy pension schemes are activities that should be completed in 2009-2010. The other activities will be ongoing beyond the 2009-2010 year. The supporting activities are as follows:

1. IFRS conversion

In accordance with H.M Treasury FReM reporting requirements, the HPC will move to reporting under International Financial Reporting Standards (IFRS) for the year ending 31 March 2009 onwards. Work has been completed already to restate March 2008 balances under IFRS (as last year comparatives). The changes are largely twofold. Firstly, adjustments to some financial numbers and secondly, relabeling of some items in the financial statements, with modified notes to the accounts. Additional one time audits are required of the IFRS financial statements, following completion of the 31 March 2009 financial statements under UK GAAP⁵ reporting for the final time. The IFRS statements will be prepared and audited during the period July-September.

2. Cash and investments management

The HPC has money market investments with an approximate value of £5M. These are essentially registrant income received in advance (deferred income balances) and are placed with several mainstream UK financial institutions. Further investment funds with a market value of approximately £1.4M are managed by Rensburg Sheppards, professional funds managers in a diversified investment portfolio. Sufficient funds are also held in a Natwest Business Reserve account to meet short term working capital needs e.g. payment runs.

3. Legacy pension scheme administration

The HPC has two legacy pension schemes, the CPSM scheme which closed in 1995 and the Capita Flexiplan scheme. Active employee contributors elected to migrate from the Capita Flexiplan scheme in May 2007 to the current Friends Provident (FP) scheme. Currently there are 55 members in the FP scheme. Steps are in progress to close down the CPSM scheme in the period June-September. Steps are also in progress to close down the Flexiplan scheme, however a likely final date for closure has not yet been given by the trustees. The work plan implications for the Finance department largely involve monitoring progress of the professional trustees (Capital Pension Trustees Ltd for the CPSM scheme and Entrust for the Flexiplan scheme) in winding up the schemes. To value any employer liability at Year End Balance Date, the schemes need updated solvency or actuarial valuations from Scottish Life and KPMG respectively. The HPC will need to seek & act

⁵ GAAP is an acronym for generally accepted accounting principles.

on pension scheme legal advice regarding closing the schemes, as appropriate.

4. Procurement guidance

To date, procurement of goods and services from suppliers has been performed by HPC budget holders and project leads. Procurement includes tendering and managing the supplier relationship e.g. agreeing trading terms and conditions, updating prices, doing service level agreement reviews etc. The work plan implications for the Finance department are in approving/declining new preferred supplier applications to be set up in the Lotus Notes database⁶, running credit checks on new suppliers, reporting on annual spend by supplier, providing procurement guidance notes to new users, updating the tendering policy & procurement procedures. In the 2009-2010 year further work will also be done to complete a generic HPC supplier contract for use in appointing suppliers.

5. Committee work

In 2009-2010, the Finance department will continue to prepare and present briefing papers to various Committees on a variety of financial issues. The Committees receiving the greatest number of papers from the department include the Finance & Resources Committee and Audit Committee. The Remuneration Committee, Education & Training Committee and Council also receive briefing papers (papers requiring a decision, or papers to note). Key papers typically include; the remuneration rise paper, the annual budget, the Annual Report & yearly financial statements, the Five Year Plan, audit findings reports, expense and allowance fee changes and fee rise papers.

⁶ An HPC database holding centralised supplier records including; supplier contact details, price lists, supplier contract details and data protection agreements, as appropriate.

Projects

The Finance department has a key role to play in implementing several HPC projects during 2009-2010. The project to effect a fee rise in April 2011 will commence during 2009. Likewise, some PRS and Netregulate enhancements will streamline the use of the PRS system and how the Transactions management process is performed respectively. Further SAGE enhancements will streamline the monthly reporting process. In addition, Finance people resources may be involved in aspects of project design and testing for other department's projects. An example is in payments testing for the Online Renewals project.

Finance Projects completed in 2008-2009

- Finance System Upgrade project (SAGE upgrade and PRS introduction)
- Netregulate Access Rights project
- Fee Rise 2009 project (go live date 1 April 2009)

Finance Projects and System Enhancements in 2009-2010

Fee Rise 2011 project

HPC is reliant on funding from Registrant and applicant fees to meet its objectives as a UK statutory regulator of health professionals. Following the last fee rise in June 2007, a project was launched to increase HPC fees, broadly in line with inflation from 1 April 2009. The intention is to revise fee levels every two years and propose suitable adjustments, after considering stakeholder consultation feedback and forecast changes in the HPC cost structure. To elaborate, changes in the cost structure are influenced heavily by fitness to practise costs and changes in registrant and applicant volumes over time. As additional services are progressively provided, e.g. revalidations, these incur start up and ongoing costs, which also need to be funded from HPC income.

The fee change project involves input from a number of departments including Finance, Communications, Registrations, Operations Office, IT, Policy & Standards and the Secretariat. The cost model relating to the fee rise proposals will be updated in the period July-August 2009.

System Enhancements

Purchase Requisition System (PRS)

In June-July 2009, processing, some enhancements will be made to streamline the use of the system. Enhancements include; archiving completed purchase orders (PO's), enabling document attachment to PO's raised, creating a system warning flag if attempt to pay a PO without the goods being first received,

improving the web based service and creating a screen message to guide future action when a user enters a higher quantity of goods received than was approved.

Subject to external resource and budget availability, some or all of the following enhancements will be incorporated into the suite of Netregulate system enhancements.

1. Intermediate Lapsing Phase Two - cancellations

Extend intermediate lapsing to automate the intermediate lapsing for registrant rejected cheques. This will generate process time savings in the Finance department.

2. View processed DDI's enhancement

Move the processed direct debit interface (DDI) from the DDI process screen in the "financials" section of Netregulate to provide an HPC audit trail to match the bank's audit trail, in order to resolve direct debit problems. Benefits include process time savings and improved internal control.

3. Automated refunds enhancement

Automate the current process for generating Registrant refunds. This is likely to result in process time savings in refund cheque preparation. The average volume of refunds made to registrants is about 105 per month.

4. Netregulate transaction mispostings enhancement

Reverse a transaction payment without creating a Netregulate "REJ" status transaction. This will create process time savings in updating the Rejection Control account in the SAGE financial system.

Year Two projects and system enhancements (2010–2011)

The following are some projects and system enhancements proposed for year two, subject to budget approval. In addition, Finance people resources may be involved in aspects of project design and testing for other department's projects.

Note that further work needs to be done to investigate and evaluate the most appropriate project designs closer to the time, taking into account vendor software improvements made in the interim that would benefit HPC. For example, if SAGE introduce additional generic functionality into their existing suite of SAGE 200 software modules. Also, if further HPC Finance/HR software rationalisation occurred, this may impact the details of year two and three finance projects for the Finance department work plan.

Fee Rise project 2011

Complete the final stages of the Fee rise project in accordance with the project timetable.

Netregulate billing transactions

Redesign details of how fee charges and payments are applied to registrant accounts, so becomes easier for Netregulate users to interpret the transaction history.

System enhancements

PRS enhancement

Redesign PO approvals so if that individual PO line values are below an approval threshold but the total PO is above the threshold, the total PO needs to be approved at the higher threshold level.

Income download reporting

Automate the monthly income record transfer (fee transaction records summarised by profession and fee type) from Netregulate into the SAGE financial system. This is a customised modification, with time savings for the monthly reporting process.

Online forecasting

Implement an electronic forecasting system that is linked to SAGE financial system, encompassing faster reforecasts of income and expenditure and associated cashflow forecasts.

Some or all of the following to be incorporated into the suite of Netregulate system enhancements, subject to resource and budget prioritisation.

Email access/Communications Log enhancement

Email directly from Netregulate and store a communications log. This will allow information on registrant account statuses to be held in one central place and enable faster emailing directly from Netregulate.

Netregulate rejections enhancement

Change the date notation in Netregulate to the date the direct debit, cheque or credit card transaction is rejected, not the date when the payment or charge was applied.

Netregulate multiple batches enhancement

Modify Netregulate to allow multiple batches (from multiple registrant advisors) to be matched to a single pay in slip, to streamline cashbook reporting.

Year Three projects (2011-2012)

The following list of projects are proposed for year three, subject to budget approval. In addition, Finance people resources may be involved in aspects of project design and testing for other department's projects.

- Fee Rise 2013 project
- Implement an automated costing system (activity costing) linked to the SAGE financial system.
- Incorporate the Lotus Notes Supplier functionality (procurement and supplier non financial records) into the SAGE system to link more closely with purchasing and payment processes.
- Migrate the fixed assets register from a spreadsheet file to the fixed assets module of the SAGE system.

Equality and Diversity Impact Assessment Statement

Aspects of the work highlighted above will have an impact on equality and diversity at the HPC. To elaborate,

- During the consultation phase of the Fees Project 2011, we will consider the equality and diversity implications of the HPC's existing fees and any proposed new fees, drawing on the existing data we hold.
- Provision of the childcare voucher scheme from 1 April 2009 (within the Payroll/Pensions process) for those employees that elect to use it.

Appendices

Appendix One – Finance department risks

Appendix One attached provides details on the risks managed by the Finance department during 2009-2010 that relate to the work plan. They have been grouped under the relevant Finance processes as outlined in the work plan.

They have also been identified under five broad themes of: financial solvency, financial liquidity, financial accuracy, asset value protection and financial service provision.

HPC RISK MATRIX

IMPACT ↑	Catastrophic 5	5	10	15	20	25
	Significant 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Minor 2	2	4	6	8	10
	Insignificant 1	1	2	3	4	5
	Negligible 1	Rare 2	Unlikely 3	Possible 4	Probable 5	
			←	→		
				LIKELIHOOD		

Key	>11	High Risk: Urgent action required
	6 - 10	Medium Risk: Some action required
	<5	Low Risk: ongoing monitoring required

Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2009	Likelihood before mitigations February 2009	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2009	RISK score after Mitigation September 2008
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Year End statutory reporting and annual report process

Financial Accuracy	15.14	Non compliance with FReM reporting	Finance Director	3	1	3	Periodic reviews of HM Treasury and NAO information updates. Technical updates from CA firms. Clarifications sought, as required.	Employee training	-	Low	Low
Financial Accuracy	15.15	Qualified opinion received by the Auditors on the Statutory Financial Statements	Finance Director	5	1	5	Internal control compliance and actioning of audit findings.	FReM compliance & timely market valuations eg investments, land and buildings	Reliable financial systems. Income, Expense & Balance Sheet Reconciliation's. Matching Sage TB to Mgt Accs & Mgt Accs to Statutory Financial Statements	Low	Low
	15.16	Late submission of the Annual Report, beyond sector standards	Secretary to Council	3	1	3	Upfront agreement on the Year End and Annual Report reporting process dates	Process management	-	Low	Low
Financial Accuracy	16.1	Under-funded pension liabilities (CPSM Retirement Benefits Scheme*)	Finance Director	2	3	6	Benefits secured by insurance policies issued by the Scottish Life Assurance (SLA)	Periodic review of the actuarial valuation of assets of the fund to cover pension liabilities.	Specialist pensions legal advice sought as required	Low	Low
Financial Accuracy	16.2	Section 75 (Pensions Act 1995) liability for employer share of Flexiplan pension scheme deficit	Finance Director	4	2	8	Notional membership by six scheme members to avoid triggering s75 liability before scheme closure	Specialist pensions legal advice sought	-	Low	Low
Financial Accuracy	16.3	Capita Flexiplan funding liability resulting from scheme valuation deficit	Finance Director	4	4	16	Monitor actions of the Employers' Consultative Group in working with the Professional Trustee to wind up the Flexiplan scheme.	Periodic review of the actuarial valuation of the fund (whether pension assets cover pension liabilities).	Specialist pensions legal advice sought as required	Low	Low

Monthly reporting process

Cost control	15.3	Large Capital Project Cost Over-runs	EMT	4	2	8	Finance & Resources Committee review of the project spending variances to date	Effective project specification, management and project progress reporting (financial and non financial)	Guidelines on project spending. Project exception reports promptly presented to EMT for review	Low	Low
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Payroll & pensions administration process & supplier payment process

Financial Accuracy	15.18	PAYE/NI compliance	Finance Director	5	2	10	Professional tax advice sought, including status of CCM's and partners	Payroll process management. Tax provisions made. PAYE Settlement Agreement sought (via Baker Tilly). Signed disclosure forms (Categories)	HMRC website periodic reviews. Employee training (CPD hours)	Low	Low
Asset value protection	15.11	Unauthorised payments to personnel	Finance Director	5	3	15	Payroll & Expense claim processes	Signatory list reviews	Professional Indemnity & fraud insurance	Low	Low

Supplier payment process

Asset value protection	15.13	Mis-signing of cheques (forgery)	Finance Director	4	3	12	Regular reviews of cheque signatories against invoices paid by cheque. Photocopies of one off supplier cheques held.	Monthly bank reconciliations	Minimal use of manual chqs. Two signatories required on all cheques.	Low	Low
Financial Accuracy	15.19	Corporate Tax compliance	Finance Director	4	1	4	Professional tax advice sought e.g. Corporate Tax Return preparation and filing.	Tax provisions made	-	Low	Low
Asset value protection	15.10	Unauthorised payments to organisations	Finance Director	5	2	10	Purchase Order approval compliance	Signatory list maintenance	Approved and one-off supplier processes	Low	Low

Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2009	Likelihood before mitigations February 2009	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2009	RISK score after Mitigation September 2008
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Supplier payment process & Forecasting/Budgeting process

Financial service provision	15.5	Inability to pay creditors	Finance Director	5	2	10	Effective payment process management	Adequate cash-flow forecasting	Monthly Aged Creditors review	Low	Low
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Forecasting & Budgeting process

Cost control	15.2	Unexpected rise in operating expenses	EMT	3	1	3	Finance & Resources Committee review of the Monthly variances year to date. Regular budget holder reviews held. Budget holder accountability.	Budgetary control clarity around permanent and timing (reversing) differences. Correct treatment of prepayments.	Out turn forecasts and review of remaining annual spend	Low	Low
Cost control	15.9	Mismatch between Council goals & approved financial budgets	Chief Executive	4	2	8	Adequate quantification of the budgetary implications of proposed new initiatives	Close and regular communication between the Executive, Council and its Committees.	Spending prioritisation criteria	Low	Low

Forecasting/Budgeting process and Transaction Management process

Liquidity	15.1	Insufficient cash to meet commitments	Finance Director	5	1	5	Maintain an appropriate level of cash reserves for ongoing cashflow planning. Effective collections process (80% of registrants pay by DD) and applicant payment process (by credit card).	Annual and Five Year Plan forecasting of income (volumes & fees) and costs to ensure adherence to Reserves Policy. Fee rises as required.	Monthly forecasts/reviews	Low	Low
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Transaction Management process

Solvency	15.6	Inability to collect from debtors	Finance Director	5	2	10	Collection via Direct Debit for >80% of fees income	Registrant debtors policy compliance.	Request new DD details from Registrants when informed by the bank that the Registrant's DD was rejected. Periodic reviews and actioning of Misc Debtors.	Low	Low
Asset value protection	15.7	Registrant Credit Card record fraud/theft	Finance Director	3	1	3	Daily credit card payment reconciliation's in Finance dept - Streamline to Netregulate and Bank records.	Tight procedures to retrieve sensitive paper records from archive, rationalise records kept and retain sensitive current year records with security tagging and in compliance with or card record storage stds.	-	Low	Low
Solvency	15.8	Receipt of fee income as per collection schedule	Finance Director	3	3	9	Netregulate processes & controls in place (charging & receipts)	Monthly revenue reconciliation's between Netregulate and SAGE	-	Low	Low

Cash and investments management

Asset value protection	15.17	Professional Fund Manager insolvency	Finance Director	3	1	3	Client monies (HPC) contractually separated from fund manager own holdings.	Periodic credit rating checks of fund manager firms used		Low	Low
Asset value protection	15.20	Money market provider insolvency	Finance Director	5	4	20	Money market funds spread across at least two UK money market institutions, independently owned with at least an AA minus credit rating	Periodic credit rating checks of money market providers used eg Standard & Poors & Fitch rating monitoring.	-	Low	Low
Asset value protection	15.4	Loss in value of investment fund portfolio	Finance Director	3	5	15	Adherence to Investments and Reserves policies. Long run investment view.	Professional funds management involving diversification (by asset class, market, sector) and "lower risk side of neutral" investments	Relatively small balances held in the investment portfolio (£1.4M), compared to money market (£5M) and property investments held (£3M)	Low	Low

Procurement guidance

Risk Theme	Ref #	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Impact before mitigations February 2009	Likelihood before mitigations February 2009	Risk Score = Impact x Likelihood	Mitigation I	Mitigation II	Mitigation III	RISK score after Mitigation February 2009	RISK score after Mitigation September 2008
Financial service provision	15.21	Financial distress of suppliers	Finance Director	4	4	16	Financial monitoring of key suppliers via Busibody credit assessment	Escrow agreements	Alternative suppliers	Medium	Low

Project management

Solvency	8.1	Fee change processes not operational by April 2009	Finance Director	5	3	15	Project progress monitored by EMT	Apply HPC's project management methodology	Maintain regular informal contact with Privy Council staff throughout all stages of the project	Low	Low
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Glossary & Abbreviations

Term	Meaning
AGM	Annual General Meeting
CDT	Cross Directorate Team (formerly HPC's Middle Management Group)
CHRE	Council for Healthcare Regulatory Excellence
CPD	Continuing Professional Development
EEA	European Economic Area, = European Economic Union, plus Norway, Iceland, plus for our purposes Switzerland
EMT	HPC's Executive Management Team
EU	European Economic Union (formerly known as the "Common Market")
FReM	Financial Reporting Manual
FTP	Fitness to Practise
GP	Grandparenting
HPO	Health Professions Order
HR	Human Resources
HW	Abbreviation for computer hardware
Impact	The result of a particular event, threat or opportunity occurring. Scored between 1 least effect on HPC and 5 maximum effect on HPC.
ISO	International Standards Organisation (the global governing body for the Quality standards used by HPC)
ISO 9001:2000	The Quality Management Standard used by HPC, shortly being migrated to the latest version ISO9001:2008
IT	Information Technology
Likelihood	Used to mean Probability of the event or issue occurring within the next 12 months
MIS	Management Information System
NetRegulate	The bespoke computer application used to manage the application, registration and renewal processes, and publish the online register
OIC	Order in Council
Onboarding	The process of bringing a new profession into statutory regulation from HPC's viewpoint
OPS	Operations
PLG	Professional Liason Group
Print UK	A supplier of printing and insertion/ mailing services to HPC
Probability	Likelihood, chance of occurring. Not the "mathematical" probability. Scored between 1 least likely and 5 most likely to occur within the next year.
QMS	Quality Management System, used to record and publish HPC's agreed management processes
Risk	An uncertain event/s that could occur and have an impact on the achievement of objectives
Risk Score	Likelihood x Impact or Probability x Significance
Significance	Broadly similar to Impact
SSFS	Scheme Specific Funding Standard, a set of standards relating to pensions services
STDS	Standards
SW	Abbreviation for computer software
VPN	Virtual Private Network, a method of securely accessing computer systems via the public internet