
Internal Audit report – Follow up of recommendations

Executive Summary

This review is a follow-up of BDO’s internal audit recommendations and agreed actions due to be implemented on or before 31 December 2022. The implementation of internal audit recommendations is an important part of an organisation’s internal control framework.

There were a total of 12 Priority 2 recommendations across six internal audit reports.

Previous consideration	The report has been reviewed by ELT
Decision	The Committee is invited to discuss the report.
Next steps	Recommended actions agreed with the Executive will be tracked for progress in the Committee’s standing recommendation tracker report.
Strategic priority	All
Risk	As detailed in the findings
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP



HEALTH AND CARE PROFESSIONS COUNCIL

FOLLOW UP

INTERNAL AUDIT REPORT - FINAL

MAY 2023

LEVEL OF ASSURANCE:

DESIGN	MODERATE
EFFECTIVENESS	MODERATE

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REPORT STATUS	
LEAD AUDITOR:	Yufei Zhao
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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.



EXECUTIVE SUMMARY

OVERVIEW

BACKGROUND

This audit was completed in accordance with the approved annual Internal Audit plan for 2022/23. The implementation of internal audit recommendations is an important part of an organisation’s internal control framework. This review is a follow-up of BDO’s internal audit recommendations and agreed actions due to be implemented on or before 31 December 2022. There were a total of 12 Priority 2 recommendations across six internal audit reports.

ACKNOWLEDGEMENT

We appreciate the assistance provided by the staff involved in the review and would like to thank them for their help and ongoing cooperation.

METHODOLOGY

The Internal audit reports from which the recommendations being followed-up on are drawn are:

- Intelligence Gathering (20/21)
- Financial Modelling (20/21)
- Safeguarding Controls (21/22)
- Registrations Payments Processes (21/22)
- Education (21/22)
- IT Cyber (22/23)

Audit Area	Total Priority 1	Total Priority 2	Total Priority 3	Total included in review
Intelligence Gathering (20/21)	-	1	-	1
Financial Modelling (20/21)	-	2	-	2
Safeguarding Controls (21/22)	-	3	-	3
Registrations Payments Processes (21/22)	-	2	-	2
Education (21/22)	-	1	-	1
IT Cyber (22/23)	-	3	-	3
TOTAL	-	12	-	12



EXECUTIVE SUMMARY

OVERVIEW

RESULTS

Of the 12 recommendations tested during this review, four recommendations were fully implemented, representing 33% of the recommendations tested. All 12 were Priority 2 findings.

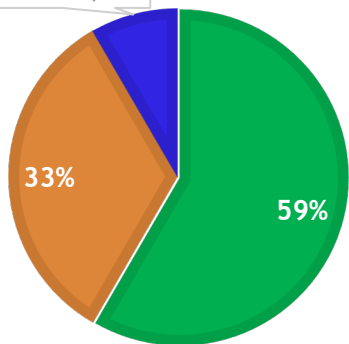
Four actions remained in progress. Of these, all had passed their original due dates, but new dates had been agreed and set. All four were within the new dates set. Another action management considered had been superseded, in that the original recommendation no longer remained relevant as the action suggested, after external consultation, was not considered viable.

The table opposite provides an overview of the progress made in implementing the recommendations across the six audits areas included in this follow up. We have also outlined the status of the recommendations in Appendix I.

AUDIT	BDO Status as at January 2023 (definitions included within Appendix III to the report)				TOTAL
	Implemented	In progress	Outstanding	Superseded	
Intelligence Gathering (20/21)	1	-	-	-	1
Financial Modelling (20/21)	2	-	-	-	2
Safeguarding Controls (21/22)	-	3	-	-	3
Registration Payments Processes (21/22)	1	1	-	-	2
Education (22/23)	-	-	-	1	1
IT Cyber (22/23)	3	-	-	-	3
TOTAL	7	4	-	1	12

IMPLEMENTATION RATES (PRIORITY 2)

Superseded, 8%



- Implemented
- In progress
- Outstanding
- Superseded



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
1	Intelligence Gathering (2020/21)	Decisions need to be made formally on what data analysis work is completed using the front-line systems such as registration & FtP and that drawn from the new data platform. Some data may be available 'self-service' and other will need analysis work.	<p>The initial priorities for the insight & intelligence function have been identified and are based on risk. These include analysis of EDI, FtP and CPD, all of which align to the strategic aims in the new Corporate Strategy.</p> <p>Responsible Officer: Geoff Kirk (Head of IT & Digital Transformation) / Naomi Nicholson (Executive Director of Professional Practice & Insight)</p>	2	End of Q4 2021	<p>We were advised by the Head of IT and Digital Transformation that the Programme for Data Excellence (PDE) Board has agreed the following general approach: Reporting needed for day-to-day operations should remain within Line of Business (LoB) systems. Corporate reporting/insights work should be developed over time within the data platform. Departmental management reporting should be decided on a case-by-case basis, based on requirements.</p> <p>An incremental approach to developing the data platform has been agreed. This means that each reporting requirement can be considered as it arises, to ensure the most appropriate technology approach is adopted. The development of self-service solutions is on the Corporate Plan as a 2024/2025 objective.</p> <p>Priorities for analytical work in 2023/2024 has been agreed through the annual workplan process.</p>	
2	Financial Modelling (2020/21)	Registration behaviours for different professions should be reviewed annually with reference to supporting evidence and set for each specific profession rather than a generalised approach for all professions.	<p>A working group has been established to review the assumptions and processes for registrant number assumptions. This group would also have responsibility for the annual review of the planning assumptions so as to improve forecasting accuracy. The planning assumptions will be submitted to ELT for approval, with a particular focus on the 'leaf of faith' assumptions such as fee increase.</p> <p>Responsible Officer: Roy Dunn, CISRO</p>	2	Ongoing	<p>The Finance team are now responsible for the Model (since Autumn 2022) and are regularly reviewing the assumptions relating to the Model. An internal audit on Registrant Forecasting was completed in 2022/23 and was rated Moderate/Moderate.</p>	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
3	Financial Modelling (2020/21)	Key financial inputs and inflationary assumptions should be subjected to an annual review and approval process by HCPC's EMT in advance of the model being updated.	<p>A working group has been established to review the assumptions and processes for registrant number assumptions. This group would also have responsibility for the annual review of the planning assumptions to improve forecasting accuracy.</p> <p>The planning assumptions will be submitted to ELT for approval, with a particular focus on the 'leap of faith' assumptions such as fee increase.</p> <p>Responsible Officer: Margaret Osibowale (Project Finance Lead)</p>	2	Ongoing	As part of the budgeting cycle for 2023/24, inflationary pressures were accounted for. Utility and IT costs are fairly factored as having significant cost hikes. Budgets prudently assume pay rises agreed by Remcom & no registration fee increases. Planning assumptions are integral to the paper presented on the 2023/23 Budget	
4	Safeguarding Controls (2021/22)	<p>HCPC should develop a suite of safeguarding materials aimed at assisting registrants to manage key safeguarding risks which they may encounter during their professional roles. These materials should be readily available to registrants through HCPC's website.</p> <p>This should be benchmarked against the safeguarding materials provided by other healthcare professions regulators.</p> <p>HCPC should also consider delivering specific safeguarding guidance sessions as part of the programme of Professional Liaison Service webinars</p>	<p>While we have materials relevant to safeguarding (e.g., #MyStandards webinars) these are not readily accessible or specifically flagged as safeguarding materials. There is an opportunity to review our materials and update/improve them via the planned review of our Standards of Conduct, Performance and Ethics, due in 2022/23.</p> <p>Action: (1) Add to 2022/23 Policy and Comms team workplans. (2) Add safeguarding to 2022/23 Prof Liaison event programme.</p> <p>Responsible Officer: Emma Leary (Head of Policy), Kellie Green, (Head of Professionalism), Rachel Gledhill (Head of Policy & Strategic Relationships) Kim Tolley (Professional Liaison Project Lead), Tony Glazier (Communications Lead)</p>	2	Marked as complete at the time of audit (Feb 2022)	<p>Webinars have been developed by HCPC and attended by staff to help increase safeguarding awareness across the organisation. For example, the #myhcpcstandards webinar on safeguarding, which included a survey where 95% of staff rated the webinar as good and above.</p> <p>Work is ongoing with updating policies, procedures and guidance and subsequently making these more accessible to staff.</p> <p>Revised due date: September 2023</p>	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
5	Safeguarding Controls (2021/22)	<p>The Case Management Manual document should be formally reviewed and updated to ensure that it accurately reflects the latest case management processes.</p> <p>As part of this review, specific guidance on identifying safeguarding concerns should be detailed within the document. This could be completed by also referring to HCPC's internal Safeguarding policy.</p>	<p>The Case Management Manual is in the process of being replaced with a series of Best Practise Standards (BPS). This includes a BPS on Risk Assessment. Developing the FtP approach and guidance on safeguarding referrals for the wider team is a workplan activity for 2022-23</p> <p>Responsible Officer: Kellie Green (Head of Fitness to Practise)</p>	2	31 Dec 2022	<p>We have been advised that a best practice standard on safeguarding has been developed and is in draft.</p> <p>The document is awaiting final review and sign off prior to implementation.</p> <p>Revised due date: July 2023</p>	
6	Safeguarding Controls (2021/22)	<p>HCPC should explore the feasibility of having a formal relationship with Disclosure Scotland as it currently has with the DBS, whereby the DBS proactively alerts the HCPC of registrants who have been arrested or convicted for a serious criminal offence.</p>	<p>The DBS covers both England and Wales and Northern Ireland. We do have a relationship with Disclosure Scotland and receive information from them, but we do not have a formal MoU with them. The feasibility of implementing a formal relationship will be explored.</p> <p>Responsible Officer: Roy Dunn</p>	2	31 July 2022	<p>The Chief Information Risk and Security Officer (CIRSO) has contacted Disclosure Scotland to investigate implementing a formal relationship with them. Further action is required to establish what this relationship may look like.</p> <p>Revise due date: September 2023</p>	
7	Registrations Payments Processes (2021/22)	<p>HCPC should continue to provide regular updates to the Leadership team and Council on addressing identified finance issues.</p>	<p>HCPC should continue to provide regular updates to its leadership team and Council on addressing identified finance issues.</p> <p>Responsible Officer: Alan Keshtmand (Head of Finance)</p>	2	Ongoing	<p>Key risks and opportunities are highlighted as part of monthly reporting and as part of the operational risk register review.</p> <p>Financial reports are uploaded to Teams channels, accessible by the Executive Director (ED) Resources and Business Performance, Head of Finance (HF) and the Business Partnering team. The ED R&B and HF review the report which is then presented to ELT, and then to Council.</p> <p>We reviewed the February 2023 finance report and confirmed key headlines and figures are presented within the report.</p>	



APPENDIX I - RECOMMENDATIONS SUMMARY

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
8	Registrations Payments Processes (2021/22)	A long-term solution systems-based solution should be introduced which eliminates, as much as reasonably practicable, the requirement for complex monthly reconciliations and manual journal postings to HCPC's finance system.	<p>Paper submitted to Exec Team stating that a retender will be undertaken to ensure we are covered by the correct CCS Framework agreement and a staggered project implementation approach, as we have an existing platform and partial implementation from which to build on. In the interim, we are close to completing our manual income reconciliations with a level of automation introduced within our files to produce expected revenue, based on our fee structure, which is dependent on the specific renewal cycle and also the type of applicant/registrant (UK or International). This is then compared against the amounts in Business Central and any differences are investigated and, thereafter, corrected within Business Central and/or Customer Engagement (CRM system). Once all corrections and adjustments are made, a final summary check will be carried out to ensure total amounts in BC versus total amounts for expected revenue match. Our reconciliation files will hold data on an individual basis, which will enable us to provide detailed backing of our recognised income and deferred income to audit. Action: We have set a deadline for potential suppliers to submit their bids to undertake the Business Central Reimplementation Project by Friday 10th June.</p> <p>Responsible Officer: Kayleigh Birtwistle (Programme Manager), Paul Cooper (Head of Business Change)</p>	2	10 June 2022	<p>HCPC are working with KPMG to implement the new finance system having a provisional go-live date of early July 2023.</p> <p>However, due to a required extension to the Vision and Validate stage, and subsequent expiation of must-have scope, there is now a revised due date is December 2023</p>	
9	Education (2021/22)	HCPC should create a list of a range of sources of third-party information, such as satisfaction surveys, to help identify whether individual course provision within approved Learning Providers meets acceptable standards.	<p>Exploration of further data sources through existing Education workplan items, including National Education Training Survey results, professional body insight, other sector body insight</p> <p>Responsible Officer: Jamie Hunt (Acting Head of Education)</p>	2	31 August 2022	<p>The Head of Education advised that conversations have taken place with HESA, however no further action has been taken. It is anticipated that the delivery of data to this level will require investment from the business, which is not feasible.</p>	



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Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
10	IT Cyber (2022/23)	We recommend that servers be patched as per the Infrastructure Patch Management policy. Where patches are not applied, it should be noted within the risk register and accepted at the Security Advisory Board.	We do not consider this to be a high risk. 2 of the patches have been superseded, and the remainder are for non-production servers, meaning they are not in active use, are not connected to our live environment, and can only be accessed by IT. None of the servers are externally facing. Options for improving housekeeping of the patch list will be investigated with Microsoft. Responsible Officer: JR	2	31 December 2022	Evidence was provided to demonstrate patching has been completed. Where issues have arisen when patching, these have been discussed with Microsoft and workarounds have been implemented.	
11	IT Cyber (2022/23)	Using the IT Security Risk Assessment approach which identifies how vulnerabilities are classified and prioritised within HCPC, the issues raised from Microsoft Defender should be evaluated and remediated within the required timelines. Any issues requiring further action, such as additional budget or resources should be noted within the risk register and reported to management. Regular Penetration testing should also be performed, which highlights whether the vulnerabilities present within the environment can be exploited.	This year's penetration test is scheduled to take place in November 2022. It was delayed because we needed to remove some decommissioned elements of the environment first. The programme of Penetration Testing will then revert to a more standard schedule. Responsible Officer: JR	2	31 December 2022	Penetration testing was completed in Q3 of 2022/23. The assessment identified one low risk item in the external infrastructure.	
12	IT Cyber (2022/23)	We recommend that the 'no scan' options be removed from the Barracuda CloudGen firewall rules to ensure the devices are blocking malicious activity	The Barracuda CloudGen instance referred to here is not a web application firewall for HCPC, it is used to protect our VPN connection and so only handles internal traffic. There is a separate web application firewall Barracuda instance that is set to 'block' and which is scanned quarterly for our PCI compliance checks. Advice is being sought from Barracuda to confirm whether best practice is being followed for the VPN connection firewall. Responsible Officer: JR	2	31 December 2022	We obtained evidence of discussion with Barracuda to identify whether best practice is followed for HCPCs internal VPN. The advice provided was that HCPC should decide themselves whether they want to scan internal traffic however it was noted that IPS is not an exact science and there is a risk of false positives. HCPC are satisfied with their current approach.	








APPENDIX II - STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Geoff Kirk	Head of IT & Digital Transformation
Naomi Nicholson	Executive Director of Professional Practice & Insight
Roy Dunn	Chief Information Security & Risk Officer (CISRO)
Margaret Osibowale Uta Pollman	Project Finance Lead
Emma Leary	Head of Policy
Kellie Green	Head of Professionalism
Tony Glazier	Communications Lead
Laura Coffey	Head of FTP, Fitness to Practise
Alan Keshtmand	Head of Finance
Trevor Corbitt	Systems Accountant and Project Lead Partner Project Lead
Kayleigh Birtwistle Paul Cooper	Programme Manager Head of Business Change
Penny Joyce	Independent Education and Training Committee (ETC) Member



APPENDIX III - DEFINITIONS

RECOMMENDATION STATUS	
Implemented	
In Progress	
Outstanding	
Superseded	
Risk Accepted	

RECOMMENDATION SIGNIFICANCE	
Priority ranking 1:	There is potential for financial loss, damage to the organisation's reputation or loss of information. This may have implications for the achievement of business objectives and the recommendation should be actioned immediately.
Priority ranking 2:	There is a need to strengthen internal control or enhance business efficiency.
Priority ranking 3:	Internal control should be strengthened, but there is little risk of material loss or recommendation is of a housekeeping nature.



APPENDIX IV: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

Council are ultimately responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

Council, through ARAC, is responsible for ensuring the internal audit function has:

- The support of the organisation's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit, Risk and Assurance Committee.
- Council is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by Council in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

Council is ultimately responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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