Audit and Risk Assurance Committee

Minutes of the meeting of the Audit and Risk Assurance Committee held in public on:

Date:	Wednesday 10 June 2026
Time:	2pm
Venue:	Videoconference (Microsoft Teams)
Members:	Lianne Patterson (Chair) Grzegorz Drozdz[1] Helen Grantham Graham Masters Catharine Seddon
Apologies:	None
Attendees:	Aihab Al-Koubaisi, Financial Controller Claire Amor, Executive Director of Corporate Affairs Claire Baker, Head of Adjudication Performance Francesca Bramley, Governance Manager Georgia Cross, Governance Officer Richard Houghton, Head of Registration Sarah Howe, RSM UK LLP Nicole Jones, Improvement and Compliance Specialist Alan Keshtmand, Head of Finance and Commercial Bill Mitchell, BDO LLP (for items 12 to 14) Patricia Morrissey, Head of Governance Bernie O'Reilly, Chief Executive Anna Raftery, Head of Assurance and Compliance Daniel Reay, NAO Andrew Smith, Executive Director of Education, Registration and Regulatory Standards and Deputy Chief Executive Darren Stewart, NAO Carl Stychin, Council member

[1] Council Apprentice

The Committee met privately with the internal auditors and the National Audit Office prior to the start of the public meeting.

1. Welcome and introduction

1.1. The Chair welcomed those present to the meeting of the Audit and Risk Assurance Committee (the Committee), including Council member Carl Stychin, who was observing the meeting.

2. Apologies for absence

2.1. There were no apologies. As the Executive Director of Resources was not in attendance due to annual leave, item 17 would be presented by the Head of Finance and Commercial.

3. Approval of agenda

3.1. The Committee approved the agenda.

3.2. It was agreed to defer item 9 (Strategic risk deep dive: Professional Standards Authority (PSA) new approach) to the September 2026 Committee meeting to allow for further internal consideration. A Committee member requested that an analysis of the implications of the new standards for internal and external reporting requirements would be included in the deep dive when it was submitted.

Action: The strategic risk deep dive on the PSA's new standards would include an analysis of the implications for internal and external reporting requirements when presented to the Committee in September 2026

4. Declarations of members' interests in relation to agenda items

4.1. No interests were declared.

5. Minutes of the Audit and Risk Assurance Committee meeting held in public on 11 March 2026

5.1. The Committee approved the minutes as an accurate record of its meeting held in public on 11 March 2026.

6. Matters arising

6.1. The Committee noted the updates provided in response to the actions from its previous meetings. All actions proposed for closure would be closed with the exception of action 59, which related to consideration of an artificial intelligence (AI) internal audit. The Committee agreed that the scope of this internal audit should remain broader than complaints-related usage and should cover the organisation's wider use of AI. The Committee agreed to

retain this action on the log for consideration within the development of the next internal audit plan.

Risk and assurance

7. Strategic risk register

7.1. The Committee reviewed the latest version of the strategic risk register (SRR).

7.2. The Head of Assurance and Compliance introduced the report, noting that the SRR had been refreshed to align with the new corporate strategy and now comprised 12 strategic risks covering areas including the delivery of regulatory functions, workforce resilience, financial sustainability, organisational culture and digital and cyber risk.

7.3. The Committee welcomed the revised format of the SRR, noting that it was clearer and more structured than previous versions and provided a stronger basis for oversight. The Committee also welcomed the intention to align the SRR with other assurance reporting, including the unified assurance framework.

7.4. The Committee discussed the level of detail provided in relation to mitigating actions, noting that while these were helpful, it was not always clear how the actions would reduce risk exposure or how progress would be monitored over time. The Head of Assurance and Compliance confirmed that further work was underway to strengthen the articulation of mitigating actions and the tracking of progress.

7.5. The Committee considered the presentation of risk scores**,** emphasising the importance of ensuring that scores were clearly supported by narrative explanation and that the drivers for any movement in scores were transparent.

7.6. The Committee discussed the extent to which external dependencies influenced individual risks, noting that this should be clearly reflected within the risk narrative where relevant.

7.7. A Committee member suggested that the SRR could be strengthened by including, for each risk, a target date for achieving the residual risk level**,** in order to provide greater clarity on expected trajectories and enable more effective monitoring over time.

Action: The Head of Assurance and Compliance would explore the inclusion of target dates for achieving residual risk levels for each strategic risk in future versions of the SRR.

7.8. A Committee member also suggested that the SRR should explicitly set out Council's risk appetite for each risk, to enable the Committee to assess whether current risk exposure was within or outside acceptable tolerance.

Action: The Head of Assurance and Compliance would consider how the Council's risk appetite for each strategic risk could be reflected within the SRR as part of the ongoing development of the risk management framework.

7.9. The Committee discussed the interdependencies between risks, noting links between workforce resilience, organisational culture and delivery risks, and emphasised the importance of ensuring that these relationships were appropriately reflected.

7.10. The Committee raised specific points in relation to individual risks, including:

- the need for greater clarity on the intended outcomes of mitigating actions relating to patient and public engagement;
- ensuring that organisational culture was sufficiently reflected within workforce-related risks; and
- ensuring that cyber and digital risks addressed both likelihood and impact within their mitigations.

7.11. The Committee noted the implementation of Workday Adaptive Planning to support financial planning and forecasting and discussed how this would strengthen the mitigation of financial sustainability risks.

8. Unified assurance report

8.1. The Committee considered the unified assurance report.

8.2. The overall assurance rating remained as medium**,** reflecting that controls were generally effective with improvements required in some areas.

8.3. The Committee noted ongoing workforce capacity and resilience pressures, particularly within Fitness to Practise, and that workforce planning had been completed to support improvements.

8.4. The Committee discussed the HR assurance ratings and queried whether they fully reflected wider organisational challenges. The Head of Assurance and Compliance clarified that assurance ratings reflected internal controls and processes within teams and that further consideration could be given to how organisational impact was captured.

Action: The Head of Assurance and Compliance would reflect on whether the assurance metrics sufficiently reflected organisational outcomes.

8.5. The Committee noted that the lessons learned review relating to the Education and Training Committee's withdrawal of programme approval decision would be considered by the Council

9. Strategic risk deep dive: Professional Standards Authority new approach

9.1. This item was deferred to the Committee meeting in September 2026.

10. Freedom to Speak Up annual report 2026-26

10.1. The Speak Up Guardians presented the Freedom to Speak Up annual report for 2025–26.

10.2. The report set out the activity undertaken during the first full year of operation of the Freedom to Speak Up arrangements, including the establishment of the Speak Up Guardian roles, awareness-raising activity across the organisation, and the number and types of concerns raised.

10.3. The Committee noted that 15 concerns had been raised during the reporting period and that these covered a range of themes. The Committee recognised that, as this was the first year of reporting, the data provided an initial baseline for future comparison.

10.4. The Committee welcomed the report and the transparency of the information presented, noting the importance of fostering a culture in which staff felt able to raise concerns safely and confidently.

10.5. The Committee discussed the potential use of anonymised case studies or thematic reporting to provide greater visibility of outcomes and actions taken, and to support organisational learning.

10.6. The Committee discussed levels of staff confidence in speaking up arrangements, and in particular the extent to which staff believed that concerns raised would be acted upon. The Committee noted that responses to the employee pulse survey indicated that, while awareness of speaking up routes was improving, confidence that concerns would be addressed remained an area requiring continued focus.

10.7. The Committee emphasised that building and maintaining staff confidence would be critical to the effectiveness of the speaking up framework, and that this would require visible action, clear feedback mechanisms and ongoing monitoring of staff perceptions over time.

Action: The Executive would consider including a free text response question in future pulse surveys to gather staff views on what could be done to improve confidence that any concerns raised would be acted upon.

10.8. The Committee explored how confidence could be strengthened over time, including increasing visibility of the role of the Speak Up Guardians, providing feedback, where appropriate, to individuals who had raised concerns and demonstrating organisational learning arising from issues raised.

10.9. The Executive acknowledged the importance of these points and highlighted the challenge of balancing transparency with confidentiality, particularly

where concerns were sensitive or involved individuals. It was noted that careful consideration would be required to ensure that learning and outcomes could be shared without compromising confidentiality.

11. Capital Expenditure policy

11.1. The Financial Controller presented the updated capital expenditure (capex) policy. The policy had been revised to provide greater clarity on the distinction between capital and operational expenditure, and to ensure alignment with relevant accounting standards and internal financial processes.

11.2. The Committee discussed the definition of capital expenditure and the practical application of the policy, including the extent to which the guidance would support consistent interpretation across teams.

11.3. The Financial Controller confirmed that the policy was supported by internal guidance and processes, and that advice could be provided to teams where there was any uncertainty in classification.

11.4. The Committee noted that the policy had been reviewed by internal and external auditors and that no concerns had been raised. This was also confirmed in the meeting by both sets of auditors.

11.5. The Committee discussed the importance of ensuring that the policy remained clear and proportionate, and that it supported effective financial management and decision-making across the organisation.

11.6. The Committee agreed that the updated policy provided an appropriate framework for the management and control of capital expenditure.

11.7. The Committee recommended the capital expenditure policy to the Council for approval**.**

Internal audit

12. Internal audit annual report and opinion 2025-26

12.1. BDO LLP presented the internal audit annual report and opinion for 2025–26.

12.2. The report provided the internal auditor’s overall opinion on the adequacy and effectiveness of the organisation’s framework of governance, risk management and internal control, based on the work completed during the year and progress against internal audit recommendations.

12.3. The overall opinion was moderate assurance, indicating that while there were generally sound systems of governance, risk management and internal control in place, there remained some areas where improvements were required. No high significance findings had been identified during the year and a number of moderate and low significance findings had been raised.

Management had generally been responsive to internal audit recommendations.

12.4. The internal auditor highlighted that risk management remained an area requiring further development, including embedding a consistent approach to the identification, assessment and management of risks across the organisation.

12.5. The Committee discussed the findings in relation to risk management and reflected that this aligned with its earlier discussion on the strategic risk register, particularly in relation to strengthening the articulation of risk, controls and mitigating actions.

12.6. The Committee also discussed themes arising from the internal audit work, including the importance of maintaining up-to-date policies and procedures and reliance on key individuals and organisational knowledge in some areas.

12.7. The Executive acknowledged these points and outlined ongoing work to strengthen organisational resilience, including succession planning and efforts to reduce reliance on key individuals. It was noted that progress in this area varied across teams and would continue to be developed.

12.8. The Committee considered the implementation of internal audit recommendations, recognising that timely implementation remained an important factor in maintaining an effective control environment. While progress had been made, there continued to be some slippage against agreed deadlines in certain areas, and the Committee emphasised the importance of ensuring that agreed timescales were met wherever possible.

12.9. On behalf of the Committee, the Committee Chair expressed sincere thanks to Bill Mitchell and the wider team at BDO LLP for their commitment and professionalism during their time as the HCPC's internal auditor, noting this would be the last Committee meeting they would attend.

13. Internal audit progress report

13.1. RSM UK LLP presented the internal progress report, which provided an update on the delivery of the internal audit plan for 2025–26, including progress against planned audits, the status of work in progress, and any changes to the timing of reviews.

13.2. The internal auditors introduced the report and highlighted progress made against the audit plan, noting that delivery remained broadly on track. It was reported that audits had been completed in line with the agreed timetable, with some flexibility applied where required to accommodate operational priorities.

13.3. The Committee noted the status of audits currently in progress and those planned for the remainder of the year. The Committee recognised the importance of maintaining sufficient flexibility within the plan to respond to emerging risks and organisational priorities.

13.4. The Committee discussed the approach to planning and sequencing internal audit activity, noting that timing could have an impact on the effectiveness of audits, particularly where reviews were dependent on the maturity of underlying processes or system changes.

13.5. RSM UK LLP confirmed that the audit plan remained under regular review and that adjustments could be made, where appropriate, in consultation with management and the Committee.

13.6. The Committee also discussed the importance of ensuring alignment between internal audit activity and key organisational risks, particularly in light of the ongoing development of the strategic risk register.

13.7. The Committee noted that a number of audits were scheduled for later in the year and emphasised the importance of ensuring that sufficient time was allowed for completion of fieldwork, reporting and Committee consideration.

13.8. The Committee was satisfied that appropriate arrangements were in place to monitor delivery of the internal audit plan and that any significant changes would be reported to the Committee.

14. Internal audit reports

14.1. BDO LLP presented the internal audit reports relating to:

- the annual follow-up review of internal audit recommendations;
- risk management; and
- media and communications.

14.2. RSM UK LLP summarised the findings from each review, noting that overall assurance ratings were broadly consistent with expectations and that no high significance findings had been identified.

14.3. In relation to the annual follow-up review**,** the Committee noted that progress had been made in implementing recommendations, although a number of actions remained outstanding and some implementation deadlines had been revised.

14.4. The Committee discussed the timeliness of implementation**,** recognising that delays in completing agreed actions could weaken the control environment if not managed appropriately.

14.5. In relation to the risk management review, the Committee noted that this aligned with themes identified elsewhere on the agenda, including the need to further embed a consistent approach to risk identification, assessment and mitigation across the organisation.

14.6. The Committee discussed the findings from the media and communications review, noting the importance of ensuring that processes were effective in

managing reputational risk and supporting clear and consistent external communications.

14.7. The Committee welcomed the findings and examples of good practice identified within the reports and noted the management responses and planned actions.

14.8. The Committee emphasised the importance of ensuring that outstanding actions were progressed in line with agreed timescales and appropriately evidenced.

14.9. The Committee discussed the internal audit follow-up report relating to procurement of large contracts audit. The recommendations arising from the audit had been accepted by management, however progress in implementation had been affected by resourcing constraints within the Procurement team. The Procurement team had previously operated with limited capacity and additional resource had recently been secured, including the appointment of a procurement manager and a senior procurement business partner. This was expected to strengthen the team's capacity to progress outstanding actions.

14.10. The Committee discussed the approach to implementing controls, including proposals for spot checks on large procurements, and noted that consideration had initially been given to Assurance and Compliance staff undertaking spot checks, however, this was not considered appropriate given the need for specialist procurement expertise. It was therefore agreed that responsibility for undertaking such checks should sit within the Procurement team.

14.11. The Committee discussed the importance of ensuring that actions recorded in the internal audit recommendations tracker were supported by appropriate evidence and were capable of being independently verified prior to closure. The Committee noted that, subject to the completion of the above work, the outstanding procurement-related actions could be progressed towards closure.

Action: The Executive Director of Resources would review progress against procurement-related internal audit actions and ensure that outstanding actions were progressed and appropriately evidenced to support closure.

15. Internal audit recommendations tracker

15.1. The Improvement and Compliance Specialist presented the paper to the Committee. RSM UK LLP, the HCPC's newly-appointed internal auditor, would be taking responsibility for the production of the recommendations tracker going forward.

15.2. The Committee recognised the continued improvements in the clarity and presentation of the tracker, including greater visibility of progress and updates.

15.3. The Committee discussed the movement of deadlines, noting that in some cases deadlines had been revised more than once. The Committee emphasised the importance of maintaining discipline in delivering actions to agreed timescales.

15.4. The Committee discussed the visibility and governance of changes to target dates for internal audit actions, noting that revised dates were reviewed and approved through established management processes, including Executive Leadership team oversight. The Committee reflected that, while it was not proportionate for all changes to target dates to be subject to formal approval by the Committee, effective oversight required clear and transparent reporting. In particular, the Committee emphasised the importance of clearly presenting where target dates had been revised and providing the rationale for any changes, enabling the Committee to understand and. Where necessary, challenge the reasons for any delay.

15.5. The Committee further discussed the balance between maintaining operational flexibility in delivery and ensuring appropriate accountability for actions that were delayed. The Committee agreed that enhancements to the presentation of information could support more effective scrutiny without introducing unnecessary administrative burden.

Action: The Executive Director of Corporate Affairs would review how changes to target dates were presented within the internal audit recommendations tracker, including how the rationale for any revisions was captured, to support effective Committee oversight and challenge.

External audit and annual report and accounts

16. External audit update

16.1. The Committee received an update from the National Audit Office (NAO) on the external audit.

16.2. The NAO provided an update on progress with audit planning and engagement with management, noting that work was proceeding in line with the agreed timetable. Work was ongoing to ensure that any emerging risks or issues were identified and communicated at an early stage to avoid impact on delivery timelines.

16.3. The Committee noted that there had been continued positive engagement between the external audit team and the Finance team, supporting effective planning and preparation for the year-end audit.

17. Annual report and accounts 2025-26 update

17.1. The Head of Finance and Commercial provided a verbal update on progress with the preparation of the annual report and accounts for 2025-26.

17.2. Work to prepare the annual report and accounts was progressing in line with the agreed timetable. There had been good engagement between the Finance team and the external auditors, with work underway to support the year-end audit process. Preparation activities were being managed in a structured way, including early planning and coordination with the external auditors to support timely delivery. There were no significant issues to report at this stage.

17.3. The Committee noted that early engagement and forward planning would be key to mitigating risks to the timetable and supporting a smooth audit process.

18. Audit and Risk Assurance Committee annual report to the Council and the Accounting Officer 2025-26

18.1. The Governance Manager presented the Audit and Risk Assurance Committee annual report to Council and the Accounting Officer for 2025-26. The report provided a summary of the Committee's work over the year and reflected the key areas of focus, including risk management, internal audit activity and oversight of the annual report and accounts.

18.2. A Committee member suggested that the report could be strengthened by:

- further reflecting the internal audit annual opinion, including trends compared to the previous year and key themes for improvement; and
- making specific reference to the Committee's input into the drafting of the annual governance statement.

18.3. The Committee agreed that these additions would provide a clearer reflection of the breadth of its work and the areas of challenge and scrutiny undertaken during the year.

18.4. Subject to these amendments, the Committee approved the report for inclusion in the annual report and accounts.

Action: The Governance Manager would update the Audit and Risk Assurance Committee annual report to reflect the Committee's feedback.

Governance

19. Review of Committee effectiveness

19.1. The Head of Governance presented the review of Committee effectiveness. The review had been informed by the National Audit Office (NAO)'s Audit and Risk Assurance Committee effectiveness tool, which had been circulated to 15 Committee members and regular attendees. Eight responses had been received, representing an increase compared to previous years.

19.2. The tool used a three-point scoring system and the Committee noted that scores were generally in the range of 2 to 3, indicating that the Committee was operating at an appropriate level overall and meeting required standards across all areas.

19.3. The strongest scoring areas related to membership, independence, effectiveness of meetings and the quality of discussion and challenge, reflecting confidence in the Committee's composition and operation.

19.4. Areas with comparatively lower scores included skills and experience, communication and reporting, and continual improvement, indicating scope for further development. Feedback had identified specific gaps in skills and experience, particularly in relation to areas such as climate change and projects, which had also been raised in previous years. The Committee reflected that these findings represented areas for continued development rather than significant weaknesses, given that all scores remained at or above the level required to meet standards.

19.5. The Committee discussed the use of near misses in reporting and assurance, noting that survey responses had highlighted the availability and use of near miss information as an area for improvement. The Committee agreed that more systematic reporting of near misses, particularly in relation to resilience, fraud and error, could support earlier identification of risks and strengthen organisational learning.

Action: The Head of Assurance and Compliance would consider how near misses could be more systematically reported to the Committee to support assurance and organisational learning.

19.6. The Committee reflected on the balance between strategic oversight and detailed scrutiny, noting the importance of maintaining focus on emerging and forward-looking risks while continuing to provide appropriate challenge on control effectiveness.

19.7. The Committee discussed the attendance of internal auditors at private sessions, concluding that their presence could support open dialogue and independent assurance, while also recognising the importance of retaining sufficient opportunity for Committee-only discussion where required.

19.8. The Head of Governance noted that similar themes had emerged from effectiveness reviews across other committees and that this would inform ongoing governance development work.

19.9. The Committee agreed that the review provided a helpful and balanced reflection on its effectiveness and confirmed that the Committee continued to operate effectively.

19.10. A Committee member suggested that any requirement for the Chair to have specific audit and financial experience or a financial professional qualification should be reconsidered to allow for a broader cohort of candidates being able to apply to this role.

Action: The Head of Governance would review the Committee's standing orders in relation to requirements for the Committee Chair's experience and clarify the position.

19.11. The Head of Governance noted that similar themes had emerged from effectiveness reviews across other committees and would inform wider governance development and continuous improvement.

20. Review of Committee standing orders

20.1. The Governance Manager confirmed that no changes to the standing orders were being proposed at this stage and that the item was presented to enable the Committee to review and confirm that the standing orders remained appropriate.

20.2. The Committee noted that the standing orders continued to appropriately reflect the Committee's role, responsibilities and ways of working.

20.3. The Committee acknowledged that the earlier action discussed under Item 19 regarding the requirements for the Committee Chair's experience may necessitate a minor amendment to the standing orders. Subject to this clarification, the Committee confirmed that it was content that the standing orders remained fit for purpose.

21. Committee forward plan

21.1. The Committee noted the forward plan.

22. Resolution to move the meeting to private

22.1. The Committee resolved that the remainder of the meeting would be held in private because the matters being discussed related to matters which, in the opinion of the Chair, are confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.

22.2. The meeting was briefly adjourned.