



**INTERNAL AUDIT PLAN  
QUARTER 1 - 2019-20**

**HEALTH & CARE PROFESSIONS COUNCIL**

**CONFIDENTIAL  
STATUS - DRAFT V02**

**FEBRUARY 2019**

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# Contents

1. Development of the Internal Audit Strategy	3	A Audit Plan for Quarter 1 2019-20	5
2. Quarter 1 Plan	4	B Previous years' topics for reference	6

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Document history		Distribution	
Draft v02	28/02/2019	Health & Care Professions Council	[current version]

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# 1. Development of the Internal Audit Strategy

## Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) and International Internal Audit Standards require the Head of Internal Audit to provide an internal audit strategy and supporting annual internal audit plan. The main requirement in addition to the international standards is that with PSIAS, the Head of Internal Audit is also required to give an annual opinion on the organisation's governance, risk management and internal controls. We propose to follow PSIAS.
- 1.2 We are newly appointed as HCPC's internal auditors. The purpose of this document is to set out our internal audit plan for Quarter 1 of 2019/20, which takes cognisance of meetings with management and the chair of the audit committee and acting chair of Council.
- 1.3 As we are newly appointed, we are not in a position to provide an internal audit strategy and document at the moment. However, in order to ensure that HCPC has continuity of service and internal audit work is evenly spread over the whole year, we propose in this document to give the Audit Committee an outline of our approach to strategy development and suggest assignments for the first quarter of 2019/20.
- 1.4 Our intention is to produce a full internal audit strategy and plan for 2019/20 to 2012/22 ready for the next meeting of the HCPC Audit Committee, in June 2019.

## Purpose of the internal audit strategy

- 1.5 Our audit strategy will underpin our audit plan each year and provide the Chief Executive as Accounting Officer, Council Audit Committee and the Board with objective assurance of, and opinions on, the effectiveness of the HCPC's risk management, control and governance arrangements. Internal audit also supports

the Executive by advising them on the risk management, control and governance arrangements for which they are responsible. Such advice to line managers adds further value and helps to achieve HCPC objectives.

- 1.6 Our strategy will provide for a systematic and prioritised review of the HCPC's policies, procedures and operations to inform the Head of Internal Audit's<sup>1</sup> annual opinion and to add value for management. Individual annual audit plans for each year, over a three year period, deliver the strategy. By prioritising audit resource in this way, the HCPC can be assured that the benefits from its investment in internal audit are maximised and that the focus is on higher risk areas, proportionate to HCPC's risk appetite.
- 1.7 The audit strategy will outline how the Head of Internal Audit will manage internal audit arrangements to enable:
  - the provision of an overall annual opinion on risk, control and governance to the Chief Executive and the Audit Committee;
  - improvement of the HCPC's risk management, control and governance processes through internal audit work and advice to the Executive;
  - an opinion on 'support' or 'business functions' such as finance, human resources and IT;
  - identification of the required level of audit resource, number and skills, required to meet the internal auditing standards for the UK public sector and the International Professional Practice Framework for internal auditing;
  - effective co-operation with external auditors; and
  - the provision of other assurance and consultancy services by internal audit.

<sup>1</sup> The Head of Internal Audit is Bill Mitchell, Director, BDO

### Methodology and risk factors in building the strategy

1.8 We will build the strategy, mindful of:

- the HCPC's governance, strategic objectives and business plan;
- the risk register;
- your risk appetite;
- your assurance map;
- our assessment of risks;
- our knowledge of the business;
- change projects; and
- discussion with senior members of the executive.

### Key principles for the strategy & plan for 2019-20

1.9 Our focus is on providing both breadth and depth of coverage. We will develop an audit universe and divide this into three broad categories - front line activities that are core to the business such as registration, fitness to practise, education and standards; management support processes such as business planning and project management; and 'back office' functions, such as finance, HR and IT. In the strategy, we will present our audits over the three years, to enable more in depth reviews of topics in a given year, yet provide assurance that the coverage is comprehensive.

1.10 Our approach to budgeting is 'value in - value out'. This means consideration of the value and impact of the resource engaged rather than the budget expressed in terms of the number of days employed. Thus, the more strategic and technical specialist work receives higher value and more specialist and senior auditor input compared to standard audits. Nonetheless, we will provide a comprehensive and balance programme of assurance work which is commensurate to the overall input in days, number of audits and budget. With this in mind, our first quarter is strategic and will employ our more senior staff.

## 2. Quarter 1 Plan

1.11 To commence our service, as discussed with the SMT on 26 February 2019, we propose the following in the first quarter:

- **Assess the assurance framework** - we will review the assurance framework and the assurance map as part of this. Understanding and evaluating the efficacy of that framework is a core component for management's assurance over its activities, but also helps us to deliver an audit strategy and plan that will be complementary to HCPC's existing assurance mechanisms.
- **Review the Quality Assurance Department's work** - this will evaluate the progress of the QA function, its methods, sampling methods, scope and quality of its work.
- **Major procurement** - we will review the process currently in train regarding the procurement of case preparation and presentation legal services, which currently accounts for c. £4 million of expenditure annually.

1.12 In addition, we will develop an internal audit charter, which sets out the terms of reference for internal audit. A particular focus will be on the engagement with the Quality Assurance team.

## A Audit Plan for Quarter 1 2019-20

Theme	Audit Plan Q1 2019-20	Brief description	Work type	Timing	2019-20 Budget £
<b>Main Delivery</b>					
Quality Assurance	<b>Quality Assurance Function</b>	The centralised QA function has been operating since May 2018. We will examine the way in which the function operates, particularly relating to the coverage it gives, sampling strategy, working methods, reporting, etc. Our focus is on the regulatory assurances.	Audit	Q1	4,600
<b>'Enabling' management systems</b>					
Assurance framework	<b>Assurance framework &amp; mapping</b>	We will review the current assurance framework and assess its adequacy, identifying any key gaps and mapping those in the assurance map. The work will also help to inform our internal audit strategy, which means that the internal audit strategy work can run concurrently.	Audit/Advisory	Q1	5,600
<b>Core functions</b>					
Procurement	<b>Procurement</b>	HCPC is currently undergoing the beginning of a major procurement exercise for case preparation and presentation legal services. The annual value of this contact is currently around r £4m. We will review the early stages of procurement, giving advice on areas of best practice and improvement. This work will continue through the life of the procurement cycle for this large item of expenditure and will provide also a case study for future procurements.	Advisory	Q1 <sup>2</sup>	1,100
<b>Other</b>					
	<b>Induction</b>	Induction of new internal audit provider	-	Q1	3,000
	<b>Internal Audit Strategy &amp; Plan</b>	The development of the full internal audit plan for 2019/20 and the strategy for the following two years.	-	Q1	4,300
	<b>Audit Charter</b>	The terms of reference or charter is a requirement of both international and Public Sector Internal Audit Standards. A particular focus is on the relationship between IA and regulatory quality assurance functions and other auditing, such as for ISO accreditations.	-	Q1	600
					<b>19,200</b>

<sup>2</sup> The first tranche of work will be conducted in Q1. Subsequent assurance work will be conducted in later quarters.

## B Previous years' topics for reference

2018/19	2017/18	2016/17	2015/16	2014/15
186 KPR building project	Continuing professional development	Payroll	Whistleblowing	Partner expenses
Fees review (commissioned outside audit plan)	Cyber security	Property management	5 year plan model	Project Management
Follow up of recommendation implementation	Follow up of recommendation implementation	Employee recruitment and retention	Public consultations	Corporate Governance and Risk Management
FTP improvement plan	Budgeting forecasting and key financial controls	follow up on 5 year plan model audit	Review of the registration project (design phase)	Stakeholder Communications
SW transfer project governance		Partner recruitment	Core financial controls	Business Continuity
Registration project phase 1		registration appeals		Bribery Act
Strategic and operational planning		Non-case preparation and presentation legal services cost management		Health and Safety
Core financial Controls		Core financial controls		Core financial controls