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## Internal Audit Plan 2021-22

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### Executive Summary

The proposed Internal Audit Plan for 2021-22 has been developed following meetings with the Senior Management Team and BDO LLP's own assessment of the key risks and topic areas due for coverage in 2021-22 according to their strategy.

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Previous consideration	None.
Decision	The Committee is asked to approve the Internal Audit plan 2020-21
Next steps	The Committee will receive update reports at each meeting on the progress of the Plan.
Strategic priority	All
Risk	All
Financial and resource implications	The Internal Audit Fee proposed by BDO for 2021/22 is £52,130 + VAT
Author	BDO LLP

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INTERNAL AUDIT STRATEGY & PLAN  
2021/22

HEALTH & CARE PROFESSIONS COUNCIL

CONFIDENTIAL  
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# 1. Development of the Internal Audit Plan 2021/22

## 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 required to give an annual opinion on the organisation's governance, risk management and internal controls. We propose to follow PSIAS because of the wider public interest in HCPC and being consistent with many other healthcare profession regulators.
- 1.2 We are appointed as HCPC's internal auditors. The primary purpose of this document is to set out our internal audit plan for the whole of 2021/22 for ARAC approval, which takes cognisance of meetings with management and the chair of the Audit and Risk Assurance Committee. This document follows on from our full internal audit strategy and plan for 2019/20 to 2021/22.

## Purpose of the internal audit strategy

- 1.3 Our audit strategy underpins our audit plan each year and provides the Chief Executive, the Audit and Risk Assurance Committee and Council 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.
- 1.4 Our strategy provides a systematic and prioritised review of the HCPC's policies, procedures and operations to inform the Head of Internal Audit's 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, 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.

- 1.5 The audit strategy outlines 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 and Risk Assurance 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.

## Methodology and risk factors in building the audit plan

- 1.6 We have built the annual audit plan for 2021/22, mindful of:
  - HCPC's governance, strategic objectives and business plan;
  - the risk register;
  - its risk appetite and recent risk appetite workshop;
  - our recently developed assurance map;
  - our assessment of risks;
  - our knowledge of the business;

- change projects; and
- discussion with senior members of the executive.

#### Audit Plan 2021/22

1.7 Following meetings with the Senior Management Team and our assessment of the key risks and topic areas due for coverage in 2021/2 according to our strategy, we have produced a full audit plan for 2021/22, which is highlighted in Appendix A. Topics include:

- Education
- Continued Professional Development
- Policy Formulation & Use of Insights
- Risk Management Framework & Specific Risk Areas
- Key Financial Controls
- Safeguarding Controls.

#### Resource requirements

- 1.8 The strategy and annual plan has been drafted giving consideration to the HCPC's budget for internal audit. The audit days indicated in an internal plan should be those considered necessary to provide reasonable assurance to the CEO, the Audit and Risk Assurance Committee and Council on the effectiveness of the HCPC's governance, risk and control processes and provide sufficient work to form the annual internal audit opinion.
- 1.9 The cost for delivery for 2021/22 is £52,130 excl. VAT, which translates into 61 days.
- 1.10 BDO LLP UK has a core group of professionally qualified staff, including CIIA qualified staff, and experienced auditors. Our team is fully attuned with modern internal audit practice and recognised risk and governance standards.

1.11 We also have access to other specialists such as tax, an in-house fraud investigation team, risk management specialists, training and systems implementation experts.

## 2. Management's responsibility

2.1 All relevant areas of activity will be included in the internal audit strategy and internal audit plan. However, it should be noted that:

- the CEO has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, within a robust financial management framework;
- it is management's responsibility to determine the extent of internal control in an organisation's systems. They should not depend on Internal Audit as a substitute for effective controls; and
- whilst audit work is planned so that there is a reasonable expectation of detecting significant weaknesses, internal audit procedures alone do not guarantee that fraud will be detected.

## 3. External audit

3.1 We have established practical processes to ensure effective co-operation with external auditors. We expect to meet with the external auditors at least annually at the planning stage of the external audit work. We will share our plans and reports with the external auditors to avoid duplication of effort and enhance knowledge of risk management and corporate governance within HCPC.

## 4. Reporting & approach

4.1 We will plan our work to ensure that the HCPC receives an effective internal audit service throughout the year. We report at each Audit and Risk Assurance

Committee meeting, providing periodic reports to the Audit and Risk Assurance Committee on completed work.

- 4.2 Detailed reports will be provided to management on completion of each audit assignment. The first draft report will be discussed with the relevant line managers to agree the factual accuracy of the findings and the practicality of recommendations agreed.
- 4.3 The final report will be issued following receipt of management comments. Our aim is to produce reports agreed by management and directors prior to submission to and endorsement by the Audit and Risk Assurance Committee.
- 4.4 The Head of Internal Audit will issue regular update reports and an annual report to the Audit and Risk Assurance Committee on the coverage of Internal Audit work and give an audit opinion on the risk management, control and governance arrangements.
- 4.5 However, the type of output from our work will differ depending on the type of work we undertake:
  - full audit reports for the more major and 'conventional' audit assignments;
  - ad hoc assignments, feedback on project progress or issues as a project unfolds.

## 5. Quality Control

- 5.1 BDO UK Risk Advisory Services Department follows all recognised quality standards for internal auditing. Our audit procedures are designed to ensure the service we deliver is of the highest standard and complies with the IIA's International Standards for the Professional Practice of Internal Audit. Details of our quality control procedures are given in Appendix E.

## A Audit Plan for 2021/22

Theme	Audit Plan Topic	Brief description	Work type	Timing	2020-21 Budget £
<b>Main Delivery</b>					
Education, Continual Professional Development (CPD)	Education	To come onto the register, a registrant has to have completed an approved education programme. The audit will examine the process for approving and monitoring providers and programmes.	Audit	Q4	£5,735
	Continued Professional Development	For those on the register, there is a requirement to maintain continued professional development. The review will examine the process for validating types of CPD activity, HCPC's monitoring of CPD activity and delivery of the CPD auditing process (allowing for the adaptations made to CPD following Covid-19).	Audit	TBC	£5,735
Policy and Standards	Policy formulation & use of insights	Policy and the underpinning standards are an important mechanism in regulation. The formulation of regulatory policy needs to be responsive to needs and priorities in a timely fashion and based on suitably validated insights and trends. We would examine the completeness and effectiveness of the process for policy formulation and how HCPC ensures it keeps its regulatory policies current.	Audit	TBC	£6,305
<b>'Enabling' management systems</b>					
Risk Management	Risk management framework & specific risk areas	The format of HCPC's Strategic Risk Register has recently been updated and includes details of risk influencers, current mitigations and planned mitigations. We will review the process for managing risk at HCPC. As part of this, a selection of Strategic Risks will be reviewed to assess whether mitigations in place, and updates on planned mitigations, are consistent with described in papers to Council. We will also review steps taken in the creation of HCPC's operational risk registers.	Audit	TBC	£6,170
<b>Core functions</b>					
Key financial controls	Key financial controls (selected items)	An audit of HCPC's key financial controls to ensure that financial systems and records are free from error, and practices are in place to regularly reconcile financial information from the General Ledger.	Audit	TBC	£5,735
Safeguarding and Diversity	Safeguarding controls	A review of HCPC's safeguarding controls in place to investigate registrant safeguarding concerns raised by members of the public.	Audit	TBC	£5,735
<b>Other</b>					
Follow up	Follow up of previous audit recommendations	Follow-up of previously raised internal audit recommendations, to include an assessment of the implementation status of planned improvements to HCPC's Fitness to Practise processes, mindful of the work to address areas highlighted for improvement by the PSA.	Audit	Q4	£6,170
	Internal Audit Plan	The development of the full internal audit plan for 2021/22	-	Q1	£4,205
	Audit and Risk Assurance Committees & Client Liaison	Preparing & attending Audit and Risk Assurance Committees & ad hoc advisory	-	All	£5,085
	Annual report	Preparation of the Annual Internal Audit Report	-	Q4	£1,255
<b>Total excl. VAT</b>					<b>£52,130</b>

## B Reserve List

Theme	Audit Plan Topic	Brief description	Work type
<b>'Enabling' management systems</b>			
Strategy & Planning	Budget setting & monitoring processes	An audit of HCPC's budgetary control processes to set accurate budgets. This audit will involve assessing the annual budgeting process, support and training for budget holders, approval of the annual budget and then ongoing monitoring of budget performance and variance analysis.	Audit
Media Handling & Communications	Media handling	An advisory review focussing on media related risks faced by members of Council and Executive leadership in responding to planned or ad-hoc requests from media organisations.	Advisory
Project Management	Project management processes	An advisory review of HCPC's project management and transformation processes to assess whether formal project management methodologies have been adopted and are consistently applied.	Advisory
Governance & Culture	Culture and ethics	A strong organisational and ethical culture allows an organisation to succeed and remain sustainable. This review will be set a high level and evaluate the culture of the Board and the boundaries and lines between the Executive Team and non-executive directors.  This review will look at organisational and ethical culture in place at HCPC. A benchmarking exercise will be performed to assess HCPC's culture against good practice.	Advisory
	Board effectiveness*	An advisory review of Board effectiveness has been specifically requested previously by the Audit and Risk Assurance Committee. This review will use BDO's Board effectiveness methodology and focus on how HCPC determines and ensures that Council provides the right level to strategic support to the organisation strategic leadership.	Advisory
<b>Core functions</b>			
HR	Starters' & leavers' procedures	An audit of Starters' and Leavers' procedures to assess effectiveness of controls to ensure completion of mandatory training, induction and setting up of salary within HR records, and to include leaving HCPC and removal from IT systems.	Audit
Health & Safety	H&S processes including lessons learned	We will review the oversight and governance of H&S, including the adaptations made to working patterns following the pandemic and the move to home working.	Audit
IT strategy & operations	Digital Strategy *	An advisory review of HCPC's Digital Strategy to determine its appropriateness and consistency with HCPC's wider strategic objectives and direction.	Advisory
Data protection & FOI	Data Privacy	An audit of HCPC's compliance with the data privacy regulations held within the Data Protection Act 2018, particularly in light of the United Kingdom leaving the European Union.	Audit

\* High priority on reserve list

## C Internal Audit Strategy for 2019/20 to 2021/22

Key: Green - in original strategy & completed or to be completed as per strategy in 2021/22; Red - In original Strategy but not completed in year planned. Includes items in the 2021/22 reserve list; Purple - New topic not in original strategy

Subject area	Risk	Audit Plan 2019/20	Audit plan 2020/21	Indicative plan 2021/22 (See Appendix A)
<b>Main Delivery</b>				
Registration	Failure to protect public; Failure to be an effective, efficient and agile regulator	Transfer of social workers to new body	Registration end to end	
Fitness to Practise	As above	Fitness to practise - end to end process	Fitness to Practise - follow-up	Fitness to Practise - follow-up
Education, Continual Professional Development (CPD)	As above			Education Continued professional development
Policy and Standards	As above			Policy formulation & use of insights
Intelligence & insights	As above		Intelligence Gathering	
<b>'Enabling' management systems</b>				
Governance & culture	Failure of governance, leadership or culture	Quality Assurance Function	Culture and ethics	Board effectiveness**
	As above	Assurance framework & mapping	Reshaping the Organisation	
Risk Management	As above			Risk management framework & specific risk areas
Media Handling & Communications	As above		Media handling*	Media handling
Strategy & Planning	Failure to be an effective, efficient and agile regulator	Budget setting & monitoring processes*		Budget setting & monitoring processes
Performance Management	As above		PSA & internal reporting	
Project Management	As above		Project management processes*	Project management processes

Subject area	Risk	Audit Plan 2019/20	Audit plan 2020/21	Indicative plan 2021/22 (See Appendix A)
<b>Core functions</b>				
Key financial systems & tax	Poor VFM, fraud risk, unauthorised spend		Key financial controls	Key Financial Controls (selected items)
	As above		Financial Modelling	
Procurement	Poor VFM, fraud risk, unauthorised spend	Procurement*		
Payroll	Poor staff planning; Breaches of employment law and intended best practice; Poor HR controls		Remuneration-setting procedures for Council Members*	Remuneration-setting procedures for Council Members*
	As above		Payroll	
HR	As above		Starters' & leavers' procedures*	Starters' & leavers' procedures*
Safeguarding & diversity	As above			Safeguarding controls
Health & Safety	As above		H&S processes including lessons learned*	H&S processes including lessons learned*
Estates & physical security	As above			
Business continuity & DR	Information security	Business continuity & DR*		
Fraud & corruption	Poor VFM, fraud risk, unauthorised spend	Fraud risk assessment*	Fraud risk assessment*	
IT strategy & operations	Information security		IT General Controls	Digital Strategy
Data protection & FOI	Information security		Data Privacy	Data Privacy

\* Identified or confirmed as relevant subjects through assurance mapping work.

\*\*Identified as a review for 2021/22 based on discussions with the ARAC Chair in February 2020  
Follow ups will be done every year.

## D Previous years' topics for reference

2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Registration end to end	Fitness to practise - end to end process	186 KPR building project	Continuing professional development	Payroll	Whistleblowing	Partner expenses
Fitness to Practise - follow-up	Transfer of social workers to new body	Fees review (commissioned outside audit plan)	Cyber security	Property management	5 year plan model	Project Management
Intelligence Gathering	Quality Assurance Function	Follow up of recommendation implementation	Follow up of recommendation implementation	Employee recruitment and retention	Public consultations	Corporate Governance and Risk Management
Reshaping the Organisation	Assurance framework & mapping	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
PSA & Internal Reporting	Procurement	SW transfer project governance		Partner recruitment	Core financial controls	Business Continuity
Payroll	Business continuity planning	Registration project phase 1		registration appeals		Bribery Act
Financial Modelling	Fraud Risk Assessment	Strategic and operational planning		Non-case preparation and presentation legal services cost management		Health and Safety
IT General Controls		Core financial Controls		Core financial controls		Core financial controls

## E Internal Audit Quality Assurance

Quality control and quality assurance is under review following the merger with BDO. Our quality assurances will be updated during the year.

Current quality assurance processes and procedures	
Procedures	Our audit procedures were designed to ensure the service we deliver is of the highest standard and complies with the Public Sector Internal Audit Standards (PSIAS). We utilise specially designed internal audit software Pentana to conduct our work and all reports are subject to review by a senior manager (stage 1) and director or partner (stage 2). All reports are also now checked for proofing errors at the draft and final report stage by another staff member.
Knowledge Library*	Our audit testing programmes and good practices we find are imported into our Knowledge Library. The Knowledge Library is part of our Pentana audit workflow system and enables auditors to see examples of best practice across our client base. This enhances the quality of our audit work - understanding the features of best practice in the areas under audit and also auditing techniques applied. It also includes some standardised reporting templates.
Professional training, CPD and development	Staff are suitably professionally qualified or working towards a qualification. There is a full programme of continuing professional development and training provided by BDO LLP and to specific members of the BDO LLP relating to internal audit, risk management and governance.
Quality assurance improvement programme (QAIP)	BDO LLP has an internal audit Quality Assurance Improvement Programme (QAIP). Such a programme is a requirement of PSIAS and international internal auditing standards. It ensures that any issues identified by the quality processes are assigned actions and resolution is monitored. Specific improvements required are directed to the relevant person - generic changes to processes are recorded and tracked using the firm's internal audit cluster group.
Customer satisfaction survey - individual assignments*	We will be introducing online satisfaction surveys once an audit is completed. These can be issued in batches so audit leads only receive one survey or per audit.
BDO client care programme	Firm-wide satisfaction survey which benchmarks our service against the firm and the industry, conducted by an independent external company on behalf of BDO. Introduced in 2017.
Hot review*	Peer review of a selection of audits to ensure each client receives the same high standards of audit work.
Cold review	The BDO LLP Governance, Risk and Assurance Group conducts an internal 'cold review' of its internal audit working practises, reports and files annually. The review is conducted annually and was last conducted in 2020/21. The findings feed into the QAIP.
Self-assessment against PSIAS	Brings together the individual assessments against the Public Sector Internal Audit Standards (PSIAS) - last conducted in 2018.
External review	A full EQA is being conducted in 2020/21 under BDO LLP, previously in 2015/16.



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