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## Draft Internal Audit Plan 2022-23

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### Executive Summary

BDO LLP have been re-appointed as HCPC's internal auditors. The primary purpose of this document is to set out BDO's internal audit plan for 2022-23 for Audit & Risk Assurance Committee (ARAC) approval, which takes cognisance of meetings with management, the Chair of ARAC and HCPC's internal quality assurance team.

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Previous consideration	None.
Decision	The Committee is asked to approve the Internal Audit plan for the year 2022-23.
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 2022-23 is £47,756 excluding VAT.
Author	BDO LLP

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INTERNAL AUDIT STRATEGY & PLAN  
2022/23

HEALTH & CARE PROFESSIONS COUNCIL

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# 1. Development of the Internal Audit Plan 2022/23

## 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 continue to follow PSIAS because of the wider public interest in HCPC and being consistent with many other healthcare profession regulators.
- 1.2 We have been re-appointed as HCPC's internal auditors. The primary purpose of this document is to set out our internal audit plan for 2022/23 for Audit & Risk Assurance Committee (ARAC) approval, which takes cognisance of meetings with management, the chair of ARAC and HCPC's internal quality assurance team.

## Purpose of the internal audit strategy

- 1.3 Our audit strategy underpins our audit plan each year and provides the Chief Executive, ARAC 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 2022/23, mindful of:
- HCPC's governance, strategic objectives and business plan;
  - the risk register;
  - its risk appetite;
  - our recently developed assurance map;
  - our assessment of risks;
  - our knowledge of the business;

- change projects;
- planned work coverage of HCPC's Quality Assurance team; and
- discussion with senior members of the executive.

1.7 At Appendix D we specifically set out HCPC's strategic risks and how these are addressed as part of our Internal Audit activity.

#### Audit Plan 2021/22

1.8 Following meetings with the Senior Management Team and our assessment of the key risks and topic areas, we have produced a full audit plan for 2022/23, which is highlighted in Appendix A. Topics include:

- Business Assurance Framework
- Fitness to Practise
- Diversity
- Financial Controls - Registrant Forecasting
- Cyber Security & IT Business Continuity Planning
- Business Change Governance (parts 1 and 2)

#### Resource requirements

1.9 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.

1.10 The cost for delivery for 2022/23 is £54,061 excl. VAT, which translates into 60.5 days. This includes £6,305 worth of budget carried forward from last year due to the deferral of a Business Change Governance audit.

1.11 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.

1.12 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.

Standards for the Professional Practice of Internal Audit. Details of our quality control procedures are given in Appendix F.

## 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

## A Audit Plan for 2022/23

Theme	Audit Plan Topic	Brief description	Work type	Timing	2022-23 Budget £
<b>Main Delivery</b>					
Fitness to Practise	Fitness to Practise	An audit focussed on HCPC's Fitness to Practise activities to determine whether these meet the regulatory expectations as set out within the PSA's standards.	Audit	Q1	£5,165
<b>'Enabling' management systems</b>					
Risk Management	Business Assurance Framework	An audit focussed on the design and operation of HCPC's Quality Assurance function and the role this plays in HCPC's wider understanding of assurances over the operation of key controls.	Audit	Q3	£5,165
Project Management	Business Change Governance - Part 1	Carried forward from the 2021/22 Internal Audit plan. The first part of this project will be an advisory review focussed on how HCPC carries out organisational and business transformation change.	Advisory	Q1	£6,305*
Project Management	Business Change Governance - Part 2	The second part of this project will be an assurance audit focussed on assessing whether HCPC's approach to conducting transformational change is being effectively followed for a sample of ongoing change initiatives.	Audit	Q4	£4,600
<b>Core functions</b>					
Key financial controls	Registrant Forecasting	An audit focussed on HCPC's approach to estimate and forecast changes in the numbers of registrants; a key driver of HCPC's income.	Audit	Q3	£7,475
Safeguarding and Diversity	Diversity	An advisory review focussing on how HCPC addresses Diversity throughout its activities as an employer, procurer and regulator	Advisory	Q2	£7,464
IT strategy & operations	Cyber Security and IT Business Continuity Planning	An audit focussed on the effectiveness of HCPC's cyber security and business continuity arrangements.	Audit	Q2	£6,868
<b>Other</b>					
Follow up	Follow up of previous audit recommendations	Follow-up of previously raised internal audit recommendations.	Audit	Q4	£1,975
	Internal Audit Plan	The development of the full internal audit plan for 2022/23	-	Q1	£2,289
	Audit and Risk Assurance Committees & Client Liaison	Preparing & attending Audit and Risk Assurance Committees & ad hoc advisory	-	All	£5,332
	Annual report	Preparation of the Annual Internal Audit Report	-	Q4	£1,424
Total excl. VAT for 2022-23 audit work					£47,756
*Total excl. VAT carried forward from 2021-22					£6,305

## B Reserve List

Theme	Audit Plan Topic	Brief description	Work type
‘Enabling’ management systems			
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
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
Core functions			
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
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 and GDPR	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
Main Delivery			
Policy and Standards	Regulatory Reform	An advisory review focussing on HCPC’s preparedness for any changes in the regulatory framework which governs how HCPC carries out its regulatory activities.	Advisory

## C Internal Audit Strategy for 2022/23 to 2024/25

Subject area	Risk	Audit plan 2022/23	Audit plan 2023/24	Audit Plan 2024/25
Main Delivery				
Registration	Failure to protect public; Failure to be an effective, efficient and agile regulator		End to end register controls International registrations	
Fitness to Practise	As above	Fitness to Practise		
Education, Continual Professional Development (CPD)	As above		Revalidation	Education
Policy and Standards	As above		Policy Development	
Intelligence & insights	As above			
'Enabling' management systems				
Governance & culture	Failure of governance, leadership or culture		Succession Planning	
Risk Management	As above	Business Assurance Framework	Risk Management	
Media Handling & Communications	As above		Outreach & Stakeholder Engagement	
Strategy & Planning	Failure to be an effective, efficient and agile regulator			
Performance Management	As above			KPI and Performance Reporting
Project Management	As above	Business Change Governance		

Subject area	Risk	Audit plan 2022/23	Audit plan 2023/24	Audit Plan 2024/25
Core functions				
Key financial systems & tax	Poor VFM, fraud risk, unauthorised spend	Registrant Forecasting		Forecasting and Planning
	As above			
Procurement	Poor VFM, fraud risk, unauthorised spend		Procurement of large contracts	
Payroll	Poor staff planning; Breaches of employment law and intended best practice; Poor HR controls		IR25 & Payroll	
HR	As above			
Safeguarding & diversity	As above	Diversity		Safeguarding
Health & Safety	As above		Estate planning post Covid	
Estates & physical security	As above			
Business continuity & DR	Information security			
Fraud & corruption	Poor VFM, fraud risk, unauthorised spend			
IT strategy & operations	Information security	Cyber Security and IT BCP		
Data protection & FOI	Information security			

## D HCPC's Strategic Risk Register and Proposed IA Coverage

Strategic Risk	Proposed Internal Audit Coverage
Our performance does not improve to a standard that enables us to achieve all the PSA standards of good regulation. In seeking to meet these standards we lose focus and lose standards in other areas.	While FtP processes are undoubtedly a key element of the PSA's standards, and it is right that audit focus on this area of HCPC activity continues, other core functions including registration, continued practice (largely revalidation), and the regulation of education must still be regularly reviewed to ensure ongoing compliance as part of our audit approach. We include coverage of all of these elements during a cycle in our audit strategy. We also include the customer service and complaints -registrants and the public - the ease of use of systems etc. - in our reviews.
The HCPC's regulatory expectations are not appropriate or not understood by registrants and other stakeholders	HCPC expectations can be made clear and readily accessible through appropriately written and readily accessible guidance. We have conducted several reviews at the GMC, for example, on their communication style, techniques and tone of voice, and the reworking of their website guidance into a user-centred content approach. As part of our three-year audit strategy we conduct policy development, stakeholder engagement and safeguarding.
We are unable to harness the benefits of the wealth of data we hold (benefits - better regulatory decisions, prevention, workforce planning, influencing the agenda)	The importance of using intelligence to target limited regulator resources, and to avoid emerging risks and issues becoming significant on the general public, is an important aspect of modern regulation. Intelligence on trends, registrant profiles, location, etc. and intelligence on individual registrants is vital. A regulator not 'joining the dots' with the information it holds, or has ready access to, or can establish proactively through interaction with others in the 'system', is a significant risk to a regulator's credibility. The HCPC is seeking to improve its intelligence capability with effective analysis and drawing conclusions on its registrants' data. This includes improving their intelligence capabilities, better interaction with other bodies, more structured data, better use of outreach, stakeholder engagement and media scanning, improved data pooling, using the National Intelligence Model, being more proactive and using cross-professional referrals. As part of our proposed plans we will evaluate the ways to feed intelligence into regulatory decision-making processes, so the right intel goes to the right organisational place, at the right time. We also consider the regulatory levers that can best be applied - e.g. targeting individuals, cohorts, policy, guidance changes.
We do not understand our stakeholder's needs and so are unable to be the regulator they (the wider system) need	Being trusted means being good at delivering the core functions - accurately, timely. However, there are more elements of trust and expectation - e.g. fairness, proportionality. Stakeholder engagement and good communication is key, and understanding stakeholder needs and expectations is critical to ensure any organisation is governed in a way which aligns with those expectations, and we include these elements within our planned audit coverage.
The resources we require to achieve our strategy are not in place or are not sustainable	The cost of running HCPC needs to hold registration fees and provide an effective service to registrants and the public. We understand this having completed a recent review of HCPC's financial modelling. Further audits are planned on registrant forecasting and business planning.
We are unable to demonstrate the value of regulation due to negative experiences of our regulation in practice	Our audit strategy approach is to target, each year, at least one topic focussed on how HCPC carries out its regulatory functions. We frame these around Registration, Fitness to Practise and Education.

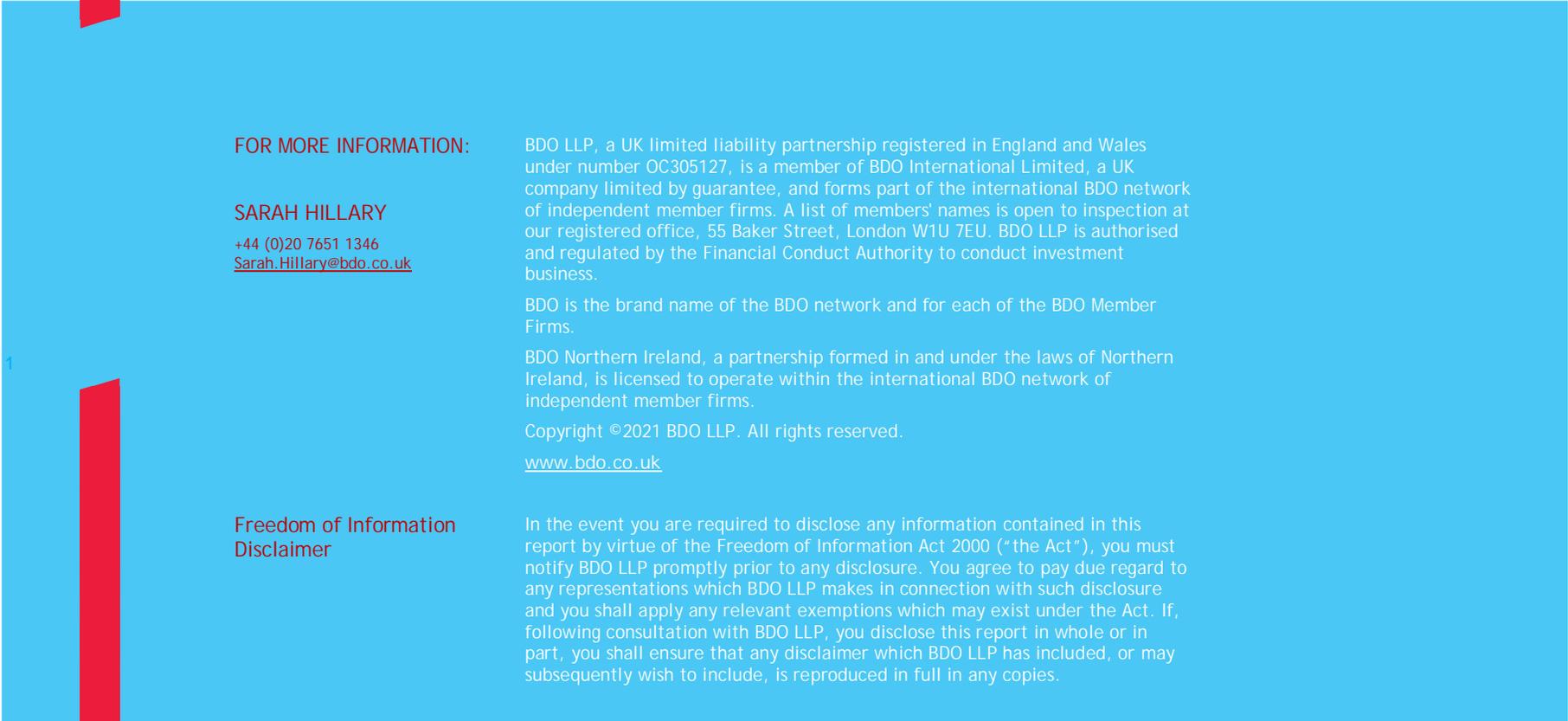
## E Previous years' topics for reference

2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Education	Registration end to end	Fitness to practise - end to end process	186 KPR building project	Continuing professional development	Payroll	Whistleblowing
Registrations payment processes	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
Risk Management Framework	Intelligence Gathering	Quality Assurance Function	Follow up of recommendation implementation	Follow up of recommendation implementation	Employee recruitment and retention	Public consultations
Key Financial Controls - Bank and Cash	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)
Safeguarding	PSA & Internal Reporting	Procurement	SW transfer project governance		Partner recruitment	Core financial controls
	Payroll	Business continuity planning	Registration project phase 1		registration appeals	
	Financial Modelling	Fraud Risk Assessment	Strategic and operational planning		Non-case preparation and presentation legal services cost management	
	IT General Controls		Core financial Controls		Core financial controls	

## F 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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