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## BDO – HCPC Internal Audit Charter

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### Executive Summary

This Charter formally defines internal audit’s purpose, authority and responsibility in line with the IIA’s:

- Attribute Standard 1000,
- Performance Standard 2060, and
- Implementation Standards 1000.A1 & C1.

This Charter establishes internal audit’s position within Health and Care Professions Council (HCPC) and defines the scope and limitations of internal audit activities and its relationship with the Audit and Risk Assurance Committee and Senior Management.

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Previous consideration	The QA Lead and Head of Governance have reviewed the Internal Audit Charter and are content with the approach.
Decision	The Committee is invited to review and approve Internal Audit Charter.
Next steps	This Charter shall be reviewed and approved annually by management and by the Audit and Risk Assurance Committee on behalf of the Board of the organisation.
Strategic priority	All
Risk	Internal audit acts primarily to provide the Audit and Risk Assurance Committee with the information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit’s role is that it supports the organisation’s management to fulfil its own risk, control and compliance responsibilities.
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
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# HEALTH AND CARE PROFESSIONS COUNCIL

## INTERNAL AUDIT CHARTER OCTOBER 2022

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# Internal Audit Charter

## Purpose of this Charter

This Charter formally defines internal audit's purpose, authority and responsibility in line with the IIA's:

- ▶ Attribute Standard 1000,
- ▶ Performance Standard 2060, and
- ▶ Implementation Standards 1000.A1 & C1.

This Charter establishes internal audit's position within Health and Care Professions Council (HCPC) and defines the scope and limitations of internal audit activities and its relationship with the Audit and Risk Assurance Committee and Senior Management.

## Standards for the Professional Practice of Internal Auditing

The internal audit function undertakes its work in line with the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as set out by the Global IIA.

## Internal Audit's Purpose

Internal audit provides independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit and Risk Assurance Committee with the information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports the organisation's management to fulfil its own risk, control and compliance responsibilities.

## Internal Audit's Authority

The Head of Internal Audit and internal audit staff are authorised to:

- ▶ Have full, free and unfettered access to all of the organisation's records, property, and personnel relevant to the performance of engagements; whilst

being accountable for the confidentiality and safeguarding of such records and information.

- ▶ Obtain assistance from the necessary organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

The Head of Internal Audit will have unrestricted access to the Audit and retain the right to meet *in camera* with the Audit and Risk Assurance Committee, without management present.

Internal audit has no authority or management responsibility for any of its engagement subjects.

Internal audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

## Internal Audit's Responsibility

The Head of Internal Audit is responsible for all aspects of internal audit activity, including strategy, planning, performance, and reporting.

The Head of Internal Audit will:

### Strategy

- ▶ Develop and maintain an Internal Audit Strategy
- ▶ Review the Internal Audit Strategy at least annually with management and Audit and Risk Assurance Committee.

### Planning

- ▶ Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- ▶ Engage with management and consider the organisation's strategic and operational objectives and related risks in the development of the Internal Audit Plan
- ▶ Review the Internal Audit Plan periodically with management and adjust the plan as necessary to respond to any changes in business risks, operations, systems and controls
- ▶ Present the Internal Audit Plan, including updates, to the Audit and Risk Assurance Committee for periodic review and approval

- ▶ Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- ▶ Submit the internal audit budget to the Audit and Risk Assurance Committee for review and approval annually
- ▶ Coordinate with and provide oversight of other control and monitoring functions, including risk management, compliance and ethics, and external audit
- ▶ Consider the scope of the work of other assurance providers for the purpose of providing optimal audit coverage to the organisation.

### Performance

- ▶ Implement the Internal Audit Plan
- ▶ Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- ▶ Allocate and manage resources to accomplish internal audit engagement objectives
- ▶ Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- ▶ Monitor delivery of the Internal Audit Plan against the budget
- ▶ Ensure the ongoing effectiveness of internal audit activities
- ▶ Ensure the principles of integrity, objectivity, confidentiality and competency are upheld.

### Reporting

- ▶ Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken
- ▶ Provide periodic reports to management and the Audit and Risk Assurance Committee summarising internal audit activities and the results of internal audit engagements
- ▶ Provide periodic reports to management and the Audit and Risk Assurance Committee on the status of management actions taken in response to internal audit engagements

- ▶ Report annually to the Audit and Risk Assurance Committee and management on internal audit performance against the goals and objectives set out in the internal audit plan and any agreed key performance indicators
- ▶ Report as needed to the Audit and Risk Assurance Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan
- ▶ Inform the Audit and Risk Assurance Committee of emerging trends and issues that could impact the organisation.

### Independence and internal audit's position within the organisation

To provide for internal audit's independence, its personnel and any contractors report to the Head of Internal Audit, who reports functionally to the Audit and Risk Assurance Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Risk Assurance Committee.

The Head of Internal Audit reports administratively to the Chief Executive or their delegate, the Head of Governance.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit and Risk Assurance Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises and judgement on audit matters is not subjugated to others.

If the independence or objectivity of the internal audit service is impaired, details of the impairment will be disclosed to either the Head of Governance or the Chair of the Audit and Risk Assurance Committee, dependent upon the nature of the impairment.

The internal audit service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the internal audit service; or direct the activities of any of the organisation's employees not employed by the internal auditing service, except to the extent such employees have been appropriately assigned to service or to otherwise assist the internal auditor.

### Internal audit's scope

The scope of internal audit activities includes all activities conducted by the organisation. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

**Assurance engagements** involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

**Consulting engagements** are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, internal audit will maintain objectivity and not assume management responsibility.

#### **Quality Assurance Improvement Programme (QAIP)**

The internal audit function will maintain a QAIP. The programme will include an evaluation of the internal audit activity's conformance with The Standards and an evaluation of whether the internal auditors apply The IIA's Code of Ethics. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

#### **Periodic reporting on compliance against Professional Standards**

The Head of Internal Audit will periodically report to the Audit and Risk Assurance Committee to:

- ▶ Confirm the independence of the function on at least an annual basis.
- ▶ Report annually on conformance with The IIA's Code of Ethics and the Standards.
- ▶ Confirm the maintenance of a QAIP, and
- ▶ Report on the results of internal assessments and the results of the external quality assessments (undertaken at least once every 5 years by a qualified, independent assessment team).

#### **Approval and validity of this Charter**

This Charter shall be reviewed and approved annually by management and by the Audit and Risk Assurance Committee on behalf of the Board of the organisation.

FOR MORE INFORMATION:

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