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## Internal Audit report – Key Financial Controls Follow up

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### Executive Summary

As part of the 2022-23 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken a review of HCPC’s Key Financial Controls (KFC).

The purpose of the audit was to follow up on the full key financial controls review undertaken as part of the 2021-22 Plan, re-test the areas covered in the previous review and assess whether recommendations made have now been implemented.

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Previous consideration	The report has been reviewed by ELT
Decision	The Committee is invited to discuss the report.
Next steps	Recommended actions agreed with the Executive will be tracked for progress in the Committee’s standing recommendation tracker report.
Strategic priority	All
Risk	As detailed in the findings
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

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HEALTH AND CARE PROFESSIONS COUNCIL  
**KEY FINANCIAL CONTROLS -  
FOLLOW-UP**

INTERNAL AUDIT REPORT - FINAL  
DECEMBER 2022

**LEVEL OF ASSURANCE:**

DESIGN	MODERATE (Green/Amber)
EFFECTIVENESS	MODERATE (Green/Amber)

# CONTENTS

<u>EXECUTIVE SUMMARY</u>	3
<u>DETAILED FINDINGS</u>	8
<u>APPENDIX I PREVIOUS RECOMMENDATIONS</u>	16
<u>APPENDIX II BANK ACCOUNTS</u>	18
<u>APPENDIX III DEFINITIONS</u>	19
<u>APPENDIX IV TERMS OF REFERENCE</u>	20
<u>APPENDIX V STAFF INTERVIEWED</u>	21
<u>APPENDIX VI LIMITATIONS</u>	22

## RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused

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# EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)		
DESIGN	<b>MODERATE</b> (Green/Amber)	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	<b>MODERATE</b> (Green/Amber)	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.

## BACKGROUND & SCOPE

In addition to the internal audit plan for Health and Care Professions Council (HCPC) as part of the 2022/23 Internal Audit Plan, as agreed by the Audit and Risk Assurance committee, we have undertaken a follow-up review of Key Financial Controls (KFC).

Since the review was finalised in May 2022, HCPC's Finance team has gone through significant staff turnover and rotation. Four of the 13 staff (Project Finances Lead, Senior Finance Business Partner, Finance Operations Manager and Procurement Manager) were not in the team at the time of the previous review and four within the team have changed positions internally.

The Finance team use the finance system, SAGE. Staff outside of the Finance team use SAGE for the WAP system which allows them to raise purchase orders and invoices, and allows department heads to approve payments through the system.

As part of the continued financial control improvement project, the Finance team are preparing for the migration of the current finance system (SAGE) to the new system Business Central (BC) in March 2023.

## PURPOSE

The purpose of the audit was to follow up on the full key financial controls review undertaken as part of the 2021/22 Plan, re-test the areas covered in the previous review and assess whether recommendations made have now been implemented.

## CONCLUSION

Despite the staff rotation challenges, there has been significant time and investment by the Finance team in the last year to ensure an improved control environment. This has been reflected in the improved rating to the report, with the previous report rated as 'Red' (equivalent to a 'No' in the revised assurance ratings). As part of the continued financial control improvement into 2022 and beyond, the Finance team are also preparing for the migration of the current finance system as mentioned in the background section.

HCPC have collated the latest updates against the audit findings for presentation at the Audit and Risk Assurance committee.

Progress against audit recommendations is also tracked via weekly one-to-one catch ups, weekly meetings with the senior Finance team members and via monthly Finance team meetings, enabling regular review of recommendations and outstanding actions to be actioned.

As a result, HCPC now have improved controls in place relating to key financial controls, however as part of our review we have identified four findings, of which two were assessed medium priority and two low priority.

Generally, HCPC have made some key changes in their control framework to provide a more robust foundation for financial transactions and tasks to be completed, helping to minimise the risk of fraud by either error or otherwise.

As a result of our review, we are able to provide moderate assurance over the design and moderate assurance over the operational effectiveness of controls in place relating to the key financial controls - follow-up.

SUMMARY OF FINDINGS (SEE APPENDIX I)			# OF AGREED ACTIONS
H	0		0
M	2		0
L	2		0
TOTAL NUMBER OF FINDINGS: 4			

**OUR TESTING DID NOT IDENTIFY ANY MAJOR CONCERNS TO MITIGATE THE FOLLOWING RISKS:**

- ✓ Banking mandates are not current, complete, and in line with HCPC's delegated financial authority limits.



# EXECUTIVE SUMMARY

## SUMMARY OF GOOD PRACTICE

- ▶ Several of the key policies and guidance documents have been updated since the last review in May 2022. Examples include the Cashbook Capex policies, the financial regulations and Supplier Set up procedures. Our review of these documents confirmed that they were in line with observed good practice, subject to regular review and appropriate approval, thus providing assurance that HCPC has established clear ownership of the above areas.
- ▶ There is a defined supplier set up procedure which was reviewed by the Systems Account Manager in October 2022. Additionally, this states the importance of reviewing and checking information provided to add new suppliers (including their bank details) to SAGE and amending current suppliers' bank details.
- ▶ HCPC have taken all reasonable steps to obtain an up-to-date bank mandate from the bank. Additionally, there is a central internal excel document that is managed which consolidates each of the bank mandates for internal knowledge and review.
- ▶ A segregation of duties is maintained for all payments made to suppliers, with the purchase orders raised by the relevant team member and approved via the approval routes in SAGE/WAP, the invoice approved via the relevant approval routes and payment only made once the goods received note is received by a department lead. All other payments made to partners, staff expenses or one-off payments also followed the same approval routes on receipt of the invoices.

## SUMMARY OF KEY THEMES

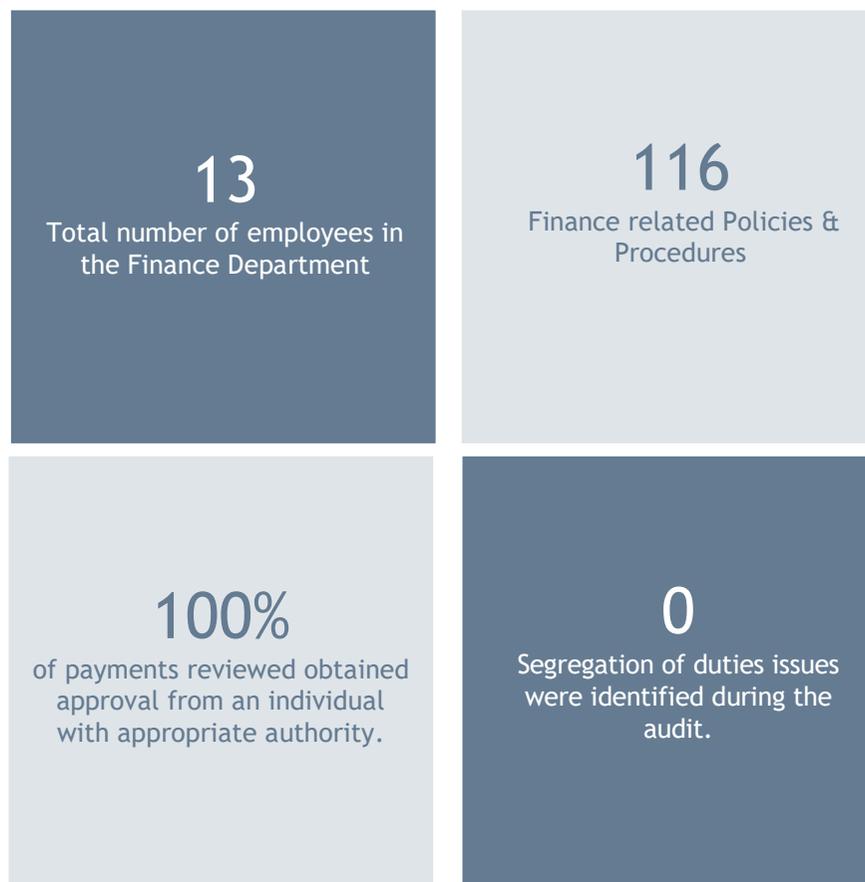
The HCPC now has a reasonable control framework for key financial controls, however, below are the main issues identified:

- ▶ **Policies and procedures** - There are 116 documented policies and procedures stored on the central finance folder. However, there is no overall policy tracker to ensure that financial policies and procedures are aligned, and periodically reviewed and updated where necessary. There is no singular 'procure to pay' process document that covers the end-to-end process, nor do any documents provided define the

approval thresholds that are hardcoded into the payment system SAGE/WAP. There is no central finance manual.

- ▶ **Documented approval of Suppliers Bank Account details** - Although there is segregation of duties between the individual making changes to supplier details in the finance system and the individual checking these changes, there is no verifiable evidence that each change has been checked and completed by the appropriate person.

## USEFUL STATISTICS



# DETAILED FINDINGS



## DETAILED FINDINGS

**RISK:** Appropriate policy and procedural guidance has not been developed and communicated to relevant personnel to ensure they have a clear understanding of associated processes and requirements.

FINDING 1 - Policies and procedures are not up to date			TYPE
<p>Policies and procedures help to ensure staff undertake their roles in line with agreed methodologies and help to ensure consistency and transparency in work completed.</p> <p>We reviewed the listing of finance policies and procedures which were stored on the central finance folder at the time of the audit (October 2022). There were over 116 policies and procedures within the folder. We identified via discussion with the Transactions Analyst that there is no stand-alone Procure to Pay (P2P) process, but instead this process is covered in multiple documents which are the responsibility of multiple departments.</p> <p>There is currently no policy and procedures tracker in place to document all the finance procedures, when they were last reviewed, when they are due for review and at a high level which areas are covered as part of that policy or procedure.</p> <p>We noted that policies and procedures were not consistently up to date with current working practices, and with 116 policies and procedures, and no policy tracker in place, it is difficult for the Finance team to keep on top of when changes need to be made and when changes were last made.</p> <p>Via interviews with staff, staff relayed that they understood policies and procedures were kept in the central finance folder, but they would need to do 'some digging' to locate that folder themselves.</p> <p><i>The Adding New users to WAP policy was provided to us post audit fieldwork and therefore we were unable to provide assurance on this document.</i></p>			DESIGN  
IMPLICATION			SIGNIFICANCE
Where there are a large number of policies and procedures which are not logged in a policy tracker and cover several topics, there is a risk that policies and procedures are not reflective of current methodologies, and tasks are not completed correctly and consistently which can leave HCPC vulnerable to fraud or error.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. We recommend that HCPC: <ul style="list-style-type: none"> <li>a) Review the composition of the 116 policies and procedures and consider whether any can be combined (e.g. P2P process)</li> <li>b) Update the Adding New Users to WAP Policy, ensuring it details how changes to individuals' access and approval thresholds are made</li> <li>c) Create a central finance manual and policy tracker. The policy tracker</li> </ul>	Points a) & c) Head of Financial Control	Points a) & c) The focus for HCPC up until July 23, will be on the new BC implementation. This system change will impact a number of the procedures & so represents a good opportunity to review the policies and procedures and determine the best way to monitor & maintain them,	31/12/23



<p>should detail the date of last update (which should align to the date on the document) and detail a responsible individual for ensuring the accuracy and completeness of the policy/procedure. The tracker should detail areas covered within policies and procedures.</p> <p>d) Update the Finance Induction Slides to align to the above changes as well as changes from SAGE to Business Central (BC).</p>	<p>Point b) Systems Accountant</p> <p>Point c) Head of Financial Control</p>	<p>which will include drawing all of these documents together in a tracker. Consideration will be given to also creating a finance manual to pull all of the finance policies &amp; procedures together to provide a holistic view.</p> <p>Point b) The WAP policy will be updated accordingly.</p> <p>Point c) The induction slides will be updated post the completion of the BC implementation.</p>	<p>28/02/23</p> <p>30/09/23</p>
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# DETAILED FINDINGS

## RISK: Access to create or amend bank account details within finance systems do not require appropriate approvals

FINDING 2 - Audit log lacks documented review of additions or changes made to bank details			TYPE
<p>It is important to have appropriate and proportionate access rights and controls in place within finance systems to ensure that bank account details are not changed inappropriately, and monies incorrectly redirected, either by fraud or error.</p> <p>Within section 4 of the Supplier Set-up Procedure the “Head of Financial Accounting will sign and date the report (of additions and changes), this is then included as part of the payment run pack.” However, the sign-off of this task is not documented. Currently any additions and amendments of supplier bank details are assumed to be identified by the Senior Financial Accountant as part of their weekly checks before they request approval from the Head of Financial Accounting (Financial Controller).</p> <p>There is segregation of duties in place for creation and amendment of supplier bank details process. The Transactions Analyst informs the Systems Accountant of the change, they then amend the bank details, with the Senior Financial Accountant approving the payment run prior to proceeding the next payment run. The duties of the latter are to check that changes made to the system are accurate and complete as verified by information that should be provided by the supplier themselves. Once satisfied of this, the Senior Financial Accountant will download the audit log of changes made and include this in the monthly payment pack that is sent to the Financial Controller showing all approved changes. The log does not detail who has completed a review of changes and amendments to bank account details.</p> <p>Given these checks are insufficiently evidenced by the loading of the audit log, we checked the source documentation to confirm that bank details provided on this documentation reconciles to bank details in the SAGE system. HCPC were unable to provide source documentation for two of the four samples selected relating to the New Supplier - Vantis Technology Ltd (01/07/2022 - change made to bank details) and Crystal Services Plc (01/07/2022 - change made to bank details).</p>			DESIGN  
IMPLICATION			SIGNIFICANCE
Where controls are not suitably robust around supplier set up and changes to bank details there is a risk that incorrect bank accounts are paid due to error or fraud, with could lead to monies being unrecoverable.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>2. HCPC should investigate adding approvals within the finance system (for both SAGE and BC) for each addition or change to bank details, with a change of bank details being put on hold without the approval of the second individual.</p> <p>If it is not possible to require approval within the system, HCPC should look to add electronic signatures to the sign-off of each weeks’ audit log, so that individuals checking these additions or changes can be held accountable for any errors not identified.</p>	Head of Financial Control	Currently HCPC does not have the functionality on Sage to require such approvals on Sage. Given it is being replaced by BC, reconfiguring Sage doesn’t represent a cost effective solution. This risk is significantly mitigated by segregation of duties & the introduction of regular sign off of the	31/08/23

		<p>Sage audit log (of system changes) by the Head of Financial Control. It is planned for BC to be implemented using the workflow model, which would require bank account amendments to be processed by the System Accountant (once he has received appropriate documentation to make this amendment) with the changes only being made once the relevant approver has received the BC amendment request &amp; approved the amendment on the BC system.</p>	
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## DETAILED FINDINGS

**RISK:** Discrepancies and/or errors are not identified and addressed in a timely manner as periodic key account / ledger reconciliations are not performed and reviewed independently.

FINDING 3 - A Monthly Finance timetable is incomplete and not signed off each month			TYPE
<p>Having a monthly timetable in place detailing key tasks for the Finance team to undertake at the end of each month helps to ensure key tasks are completed timely.</p> <p>As confirmed in walkthroughs with the Interim Financial Controller, Financial Controller and Senior Finance Business Partner, the full list of tasks to be completed by Finance at the end of the month for the management accounts, internal reporting process and year end has not been included in the existing monthly timetable. For example, key tasks such as reconciliations of the Fixed Asset and Depreciation Accounts are not included within the timetable and have not been completed since the start of the year. Currently, there is no formal approval to signify that the Financial Controller is satisfied that all monthly tasks have been completed both accurately and timely.</p> <p>Whilst we did not note any existing actions on the timetable that were not complete, we did note that actions were left as 'open'.</p>			<p>DESIGN</p> 
IMPLICATION			SIGNIFICANCE
<p>If a complete end of month timetable is not in place there is a risk that key tasks are not complete which could lead to errors or fraud not being identified in a timely manner.</p>			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>3. We recommend the monthly timetable is updated for the full list of tasks to be completed each month.</p> <p>The Financial Controller should document that all checks and balances have been conducted prior to handover to the Head of Management Accounting.</p>	Financial Controller	This recommendation has now been implemented. The timetable will be reviewed regularly, and updated if and when required.	31/12/22



# DETAILED FINDINGS

**RISK:** Discrepancies and/or errors are not identified and addressed in a timely manner as periodic key account / ledger reconciliations are not performed and reviewed independently.

FINDING 4 - Bank to Cash book Reconciliation			TYPE
<p>Reconciliations between the internally managed cash book and bank account ensure that all amounts are accounted for, with any discrepancies investigated being noted to confirm the reasons for differences.</p> <p>We sampled three months bank reconciliations and where any differences were reported we received confirmation that these differences were sufficiently checked, and appropriate reasons had been noted against each line item. For the months of June, July and August 2022 we noted variances between the Cash Book value and the Lloyds TSB Current Account Bank Statement of -£640K, +£1K and +£400K respectively.</p> <p>The total value for each of the months sampled could be reconciled to several transactions which were identified. However, no justifications or reasoning was attached to each transaction on either the Cash Book Reconciliation Report (Unreconciled) or in the monthly timetable comments section to verify why variances existed. As confirmed in walkthroughs with the Interim Financial Controller, two of the transactions in August (£27 and £944.65) related to long standing items (30 days from invoice date) which had been on the Report since October 2020 and November 2021, the remainder were made on the final day of the month and were assessed as timing differences.</p> <p>Given a member of the Finance team signs off on each of the month end checks, there is lower risk that amounts do not relate to normal business transactions.</p>			<p>DESIGN</p> 
IMPLICATION			SIGNIFICANCE
Where there is no documented reasoning for variances included on the unreconciled report, there is a risk that unreconciled items require further investigation and are thus not appropriately managed.			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
4. Where there are unreconciling items in the bank to cash book reconciliation, HCPC should provide a reasoning against each transaction or provide a summary of the findings in the monthly timetable comment section as part of Finance’s checks to clearly document the reasoning behind any non-reconciling items. i.e., “7 out of 8 transactions due to timing differences, one due to long outstanding payment from customer for X reason.”	Head of Financial Control	Going forward, HCPC will include within the monthly bank reconciliations, the reasons for reconciling differences. There are no unreconciled differences reflected in the completed monthly bank reconciliations.	31/12/22



# OBSERVATIONS

## APPROVALS BY EMAIL

Documented evidence of approval is required to demonstrate that appropriate oversight of key tasks have been undertaken and tasks have been completed appropriately.

We found no issues with the approvals by the Financial Controller for each of the BACS payments sampled, however each sign off is provided via email and not stored centrally. In the event of staff turnover, there is a risk that these approvals are lost in leavers personal inbox and there is insufficient evidence that individuals have followed the intended process.

HCPC should instead keep all sign-offs of payments centrally. This could either be through sending emails using the central finance email account and/or attaching emails in a centrally held folder linked to the payments to which they relate.

# APPENDICES



# APPENDIX I: PREVIOUS RECOMMENDATIONS

Risk Area	Previous Recommendation number:	Previous Recommendation Detail	Priority from previous report	Implemented / partly implemented / Not implemented	Incorporated into recommendation in this report?
Policies and Procedures	1	HCPC should identify, review and update all existing policies and procedures in place relating to its standard monthly financial processes. Updated policies and procedures should follow a standard format, clearly indicate roles and responsibilities for tasks, and also demonstrate formal preparation, review and approvals. "Next review" dates should be introduced to ensure that policies and procedures are reviewed regularly and kept up-to-date.	2 (Medium)	Partly implemented	Finding 1
Policies and Procedures	2	HCPC should also create a standard month-end checklist to detail key monthly finance tasks, to include but not be limited to the completion and segregated checking of bank account reconciliations. This will enable senior supervision of key tasks to ensure they are completed and checked with appropriate segregation of duties.	1 (High)	Partly implemented	Finding 3
Bank account details	3	HCPC should develop a change control management policy to formally document the processes to assign and review access and change user access rights on SAGE and HCPC's online banking platforms. Changes to user access rights should be regularly reviewed to ensure that these are appropriate and have been made with prior authorisations.	1 (High)	Implemented	N/A
Bank account details	4	HCPC should explore the possibilities of embedding dual authorisations within SAGE for any changes of supplier bank details. Whether or not this is possible HCPC should nonetheless introduce a formal process to review the	1 (High)	Not implemented	Finding 2



		appropriateness of any changes in supplier bank details prior to any BACS payment run.			
Bank account details	5	HCPC should introduce strict segregation of duties between SAGE super users (as they have the ability to amend supplier bank details or post journal transactions unilaterally}, and individuals who have super-user access to online payment platforms.	1 (High)	Implemented	N/A
Bank Mandates	6	HCPC should review all bank accounts in the SAGE Cashbook regarding the status of banking mandates. For all banks with active bank accounts, HCPC should obtain the Bank Confirmation Letter to formally document the up-to-date bank mandates with each bank. For banks with only closed bank accounts, documentation from the bank evidencing the account closure should be obtained for audit purpose.	1 (High)	Implemented (letters sent to bank by HCPC).	N/A
Segregation of duties	7	HCPC should review and update the Payment Run procedures in place to adequately define the thresholds for one-off payments. Specific consideration should be had to minimising one-off payments as these could be used to circumvent procurement rules.	2 (Medium)	Implemented	N/A
Reconciliations	8	All active bank accounts should have their pdf bank statements documented and attached in the month-end reconciliation process, with adequate month-end bank account reconciliations completed for all open bank accounts irrespective of whether the ledger indicates whether there has been any activity. These bank account reconciliations should be formally documented (with the retention of screenshots from the finance system and pdf copies of bank statements), and subject to rigorous review and approval by an appropriately senior finance member of staff. Staff involved in the current process should be re-trained on the performance of bank account reconciliations.	1 (High)	Implemented	N/A
Reconciliations	9	HCPC should properly document the	1 (High)	Partly implemented	Finding 4



		requirement to fully investigate any unreconciling amounts as part of the bank account reconciliation process. In line with good practice, there should be no 'de-minimis' thresholds to the investigation of unreconciled amounts.			
Reconciliations	10	HCPC should review and confirm its existing bank accounts in the Cashbook ledger. Where bank accounts have been closed, written confirmations of this should be retained.	2 (Medium)	Implemented (Letters sent to bank by HCPC).	N/A

## APPENDIX II: BANK ACCOUNTS REVIEWED

The list below are HCPC's active bank accounts we were made aware of, for which monthly bank account reconciliations are completed:

BANK ACCOUNT CODE ON SAGE	DESCRIPTION	CASHBOOK BALANCE AS AT AUGUST (£)
BB3	Barclays Notice Account	3,116,514.44
LL1	Lloyds TSB Current Account	11,279,740.62
NWD1	Nationwide Instant Saver Account	500,000.38
NWD2	Nationwide Notice Account	0
ST1	Santander Deposit	0



## APPENDIX III: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>SUBSTANTIAL</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>MODERATE</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.
<b>LIMITED</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>NO</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

### RECOMMENDATION SIGNIFICANCE

<b>HIGH</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>MEDIUM</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>LOW</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
<b>ADVISORY</b>	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



## APPENDIX IV: TERMS OF REFERENCE

### EXTRACT FROM TERMS OF REFERENCE

#### PURPOSE

The objective of the audit was to follow up on the key financial controls 2021/22, re-test the areas covered in the previous review and assess whether recommendations made have now been implemented.

#### KEY RISKS

The key risks considered within this area of activity were whether:

- Appropriate policy and procedural guidance have been developed and communicated to relevant personnel to ensure they have a clear understanding of associated processes and requirements
- Access to create or amend bank account details within finance systems can be achieved only with appropriate approvals
- Banking mandates are current, complete, and in line with HCPC's delegated financial authority limits
- Adequate segregation of duties is maintained between payment processing and payment authorisation functions
- Discrepancies and/or errors are identified and addressed in a timely manner as periodic key account / ledger reconciliations are performed and reviewed independently.

#### SCOPE

The following areas were covered as part of this review:

- The HCPC's policies and procedures
- Access rights to create and amend bank account details within the finance system
- The HCPC's bank mandates and delegated authority limits
- BACS payment runs
- Monthly key control account reconciliations including bank reconciliations

#### APPROACH

The audit was focused on financial controls risks encountered by HCPC in carrying out its cash, banking and BACS payments activities. We reviewed policy and procedural guidance relevant to the audit area and assessed whether roles and responsibilities had been set out clearly and were consistently followed in practice. We reviewed system access rights to create or amend bank account details within the finance system to determine whether these were restricted to appropriate individuals and determine whether controls were in place requiring a separate user to approach the changes prior to changes being made within systems. We assessed whether appropriate controls were in place to maintain the accuracy of HCPC's bank mandates in light of changes in finance personnel, and steps to ensure these were consistent with delegated authority limits. We conducted testing over the preparation, review, approval and actioning of a sample of BACS payment runs. We also conducted sample testing of monthly key control account reconciliations, including bank reconciliations, to determine whether these were being appropriately performed and were subject to independent review.

#### EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach section of this document. All other areas are considered outside of the scope of this review.



## APPENDIX V: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

ALAN KESHTMAND	HEAD OF FINANCE	EXECUTIVE SPONSOR
ARGHA SARKAR	SENIOR FINANCIAL ACCOUNTANT	ACTION OWNER
COLMAN LEE	FINANCIAL CONTROLLER	ACTION OWNER
DEAN BUTTON	INTERIM FINANCIAL CONTROLLER	ACTION OWNER
DOYIN ADELEYE	SYSTEMS ACCOUNTANT	ACTION OWNER
IFE OJO	SENIOR FINANCE BUSINESS PARTNER	EXECUTIVE SPONSOR
JOHN DU	TRANSACTIONS ANALYST	ACTION OWNER
MARCHE THOMAS	FINANCE BUSINESS PARTNER	ACTION OWNER
MARGARET OSIBOWALE	PROJECT FINANCE LEAD	ACTION OWNER
TAREK HUSSIEN	PROCUREMENT MANAGER	ACTION OWNER



# APPENDIX VI: LIMITATIONS AND RESPONSIBILITIES

## MANAGEMENT RESPONSIBILITIES

The audit sponsor is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit and Risk Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls cover the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

## LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion are subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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