Audit and Risk Assurance Committee

Minutes of the meeting of the Audit and Risk Assurance Committee held in public on:

Date:	Wednesday 11 March 2026
Time:	2pm
Venue:	Videoconference (Microsoft Teams)
Members:	Lianne Patterson (Chair) Grzegorz Drozdz[1] Helen Grantham Graham Masters (until item 21) Catharine Seddon (from item 13)
Apologies:	None
Attendees:	Aihab Al-Koubaisi, Financial Controller Claire Amor, Executive Director of Corporate Affairs Francesca Bramley, Governance Manager Alastair Bridges, Executive Director of Resources Georgia Cross, Governance Officer Roy Dunn, Chief Information Security and Risk Officer Sarah Howe, RSM UK LLP Nicole Jones, Improvement and Compliance Specialist Alan Keshtmand, Head of Finance and Commercial Bill Mitchell, BDO LLP Patricia Morrissey, Head of Governance Bernie O'Reilly, Chief Executive Anna Raftery, Head of Assurance and Compliance Daniel Reay, NAO Andrew Smith, Executive Director of Education, Registration and Regulatory Standards and Deputy Chief Executive Darren Stewart, NAO

[1] Council Apprentice

1. Welcome and introduction

1.1. The Chair welcomed those present to the meeting of the Audit and Risk Assurance Committee (the Committee), including Helen Grantham, who was attending her first Committee meeting as a member.

1.2. New attendees including Grzegorz Drozdz (Council Apprentice), Sarah Howe (representing the HCPC's newly-appointed internal auditor, RSM LLP) and Georgia Cross (Governance Officer) were welcomed individually.

1.3. On behalf of the Committee, the Chair expressed her sincere thanks to David Stirling for his valuable contribution to the Committee during his time as a member.

2. Apologies for absence

2.1. There were no apologies. Catharine Seddon was expected to join the meeting by 2.30pm due to a prior commitment. Graham Masters would leave the meeting at the end of the public session.

3. Approval of agenda

3.1. The Committee approved the agenda.

3.2. The Head of Governance explained that the Committee effectiveness review and the review of standing orders had been deferred because the standard HCPC survey had been issued in error, instead of the National Audit Office (NAO)'s Audit and Risk Assurance Committee effectiveness tool. These items would therefore be rescheduled to the June 2026 Committee meeting and the correct survey would be issued in due course.

4. Declarations of members' interests in relation to agenda items

4.1. No interests were declared.

5. Minutes of the Audit and Risk Assurance Committee meeting held in public on 20 November 2025

5.1. The Committee approved the minutes as an accurate record of its meeting held in public on 20 November 2025.

6. Matters arising

6.1. The Committee noted the updates provided in response to the actions from its previous meetings. The actions proposed for closure would be closed.

6.2. In relation to action 29 (seeking internal audit insight on the new assurance map), the Committee discussed whether, in light of the appointment of RSM LLP, it remained appropriate to refer specifically to BDO LLP in the wording of the matter arising. It was confirmed that, while the minute itself could not be amended, the narrative update clarified that this work would be taken forward with RSM LLP rather than BDO LLP.

7. Strategic risk register

7.1. The Committee reviewed the latest version of the strategic risk register (SRR).

7.2. The Head of Assurance and Compliance introduced the latest iteration of the Strategic Risk Register (SRR), noting that this would be the final version in the current format. The next iteration would follow a different approach aligned to the new corporate strategy.

7.3. No significant changes had been made to risk scores since the last review and overall the profile remained consistent. The Executive Leadership Team (ELT) had considered the impact of delays to regulatory reform on strategic risks 1 and 6 and concluded that the delay in itself did not inherently increase the risks. Any impact would be reflected once the reforms had been implemented.

7.4. The Committee discussed strategic risk 5 relating to sustainable resources and reflected that while the main drivers of the increased likelihood score related to financial pressures, the risk commentary and mitigations focused heavily on HR and digital transformation activity. The Executive Director of Resources confirmed that financial factors (specifically, a reduction in international registration applications, a sustained upward trend in Fitness to Practise (FTP) demand and FTP legal costs) were the primary drivers of the likelihood assessment. It was noted that the new approach to strategic risks would be an opportunity to ensure that the underlying financial risks and mitigations were clearly articulated.

7.5. **Action:** the Head of Assurance and Compliance and the Executive Director of Resources would ensure the revised risk register clearly articulated resources risks and mitigations.

8. Strategic risk deep dive: strategic risk register and corporate strategy risks

8.1. The Head of Assurance and Compliance gave a presentation on the review of the strategic risk framework and proposals for a revised strategic risk register aligned to the new corporate strategy, which was due to be submitted to the Council for approval at its meeting on 26 March 2026.

8.2. The purpose of the strategic risk register had been revisited, with an emphasis on providing clear visibility of the most significant risks, showing the impact of risks on delivery of strategic objectives, supporting effective

governance and proactive risk management and strengthening assurance by linking risks, controls and actions more explicitly.

8.3. The current approach, which was structured around strategic aims and milestones, was considered to have become top-heavy and complex, with a risk of 'forced alignment' to strategic pillars and potential gaps where exposure sat outside the current aims.

8.4. The proposed new approach would adopt a more agile and accessible format, focusing on specific, clearly articulated strategic risks (including emerging risks such as artificial intelligence and technology). There would be controls and time-bound actions directly linked to each risk and the register would align more clearly with the unified assurance framework and the operational risk register.

8.5. The Assurance and Compliance team would work with the ELT and the Senior Leadership Team to identify the key strategic risks, informed by the operational risk register. The approach would incorporate recommendations and good practice that had been identified in the risk management internal audit undertaken by BDO LLP. Clear supporting guidance on the purpose and use of the strategic risk register would be developed; and the new format would be tested and refined with the ELT prior to presenting the first iteration to the Committee in June 2026.

8.6. The Committee emphasised the importance of ensuring that the redesign of the strategic risk register was accompanied by improvement to the operational risk register so that risk management processes at departmental level were proportionate and helpful rather than burdensome. The Head of Assurance and Compliance confirmed that a longer-term project to improve the operational risk register was planned.

8.7. The Committee endorsed the direction of travel, commenting positively on the clearer structure, explicit action tracking and the intention to simplify presentation while retaining sufficient detail to support effective challenge.

9. Unified assurance report

9.1. The Committee considered the unified assurance report, which summarised assurance activity across the HCPC in the period from October 2025 to January 2026 based on risk and assurance meetings for the period.

9.2. There had been no significant changes in the assurance map since the previous report received in November and the overall assurance rating remained as medium. Continuity and planning remained the area with the greatest concentration of medium assurance ratings, reflecting the need for further work on succession planning and resilience.

9.3. The HR team had led a succession planning exercise across all departments, the outputs of which had been reviewed by the ELT. In addition, the draft internal audit plan for 2026-27 included a review of incident management and business continuity to identify potential gaps and

support teams in strengthening business continuity arrangements as necessary.

9.4. In response to a question regarding the assurance around plagiarism and the use of Turnitin, the Executive Director of Education, Registration and Regulatory Standards and Deputy Chief Executive confirmed that the HCPC engaged regularly with Turnitin to understand how its products detected AI-generated content as well as traditional plagiarism, and to ensure that internal policies and procedures kept pace with changes in technology.

9.5. The Chief Information Security and Risk Officer highlighted that many freedom of information (FOI) and subject access requests now appeared to be drafted using AI, often in a style that did not fully reflect the legislative framework. This was noted as an emerging feature of the external operating environment, with potential implications for workload and responses.

10. Fraud and anti-bribery policy

10.1. The Chief Information Security and Risk Officer presented proposed updates to the fraud and anti-bribery policy.

10.2. The proposed changes were as follows:

- to increase the threshold for an acceptable low value gift or hospitality item from £10 to £15, broadly reflecting inflation since the policy was first introduced;
- to clarify that certain low-value promotional items (for example, books) could be accepted where appropriate; and
- to move from an annual to a two-yearly scheduled review cycle, with the understanding that any change in legislation or material risk would trigger an earlier review.

10.3. The Committee agreed that the proposed amendments were proportionate and maintained an appropriately cautious stance.

10.4. The Committee approved the updated fraud and anti-bribery policy.

10.5. On behalf of the Committee, the Chair expressed her thanks to the Chief Information Security and Risk Officer for his contributions and support to the Committee and wished him well for the future, noting that this would be his last formal Committee meeting prior to leaving the HCPC.

11. Speaking up (whistleblowing) policy update

11.1. The Head of Governance presented an update on work to strengthen the HCPC's speaking up and whistleblowing arrangements following the Committee's discussion in November 2025 and the external report into the Nursing and Midwifery Council's handling of whistleblowing concerns.

11.2. New mandatory speaking up and whistleblowing training had been developed and launched for all staff alongside a separate module for managers, with a completion deadline of April 2026.

11.3. The HCPC had taken out corporate membership with Protect, the UK's whistleblowing charity, providing access to training, membership sessions and peer learning. The HCPC's whistleblowing arrangements had been assessed using Protect's online assessment tool, achieving an overall score of 83% with particularly strong scores for governance and engagement. The main area for improvement related to operational processes, including the absence of a clear written procedure for handling concerns. A written procedure had subsequently been developed, including arrangements for systematic feedback to whistleblowers to ensure that individuals felt supported through the process. A speaking up section had been added to the quarterly employee pulse survey to track employee awareness of the routes to speak up and the level of confidence that concerns raised would be addressed.

11.4. The forthcoming Employment Rights Act 2025 would strengthen whistleblowing protections by explicitly recognising sexual harassment as a standalone category of protected disclosure. The change aimed to encourage earlier reporting and reduce cultural barriers to raising concerns. The Committee was advised that this clarification did not introduce new liabilities but strengthened the framework for reporting; the HCPC's policies and training were already aligned with the principles underpinning the change.

11.5. Subject to the Committee's recommendation and the Council's approval, the updated policy would be published in early April 2026 to coincide with the legislative changes.

11.6. The Committee welcomed the progress made and highlighted the importance of the mandatory training for managers in embedding the policy into practice.

11.7. The Committee recommended the proposed amendments to the speaking up (whistleblowing) policy to the Council for approval.

Internal audit

12. Internal audit reports

12.1. BDO LLP presented the internal audit report relating to Business Central.

12.2. The review had resulted in a moderate level of assurance for the design of the system of internal control and a substantial level of assurance for the effectiveness of these controls. The report highlighted examples of good practice, including a disciplined implementation of Business Central, good interface controls with feeder systems such as Worldpay, clear suspense account management, strong access controls, robust journal management; and satisfactory accuracy and appropriateness of financial reporting from the

system. One medium significance finding and one low significance finding had been identified,

12.3. The medium significance finding related to the need to consolidate and align user guidance more clearly with HCPC financial policies and regulations. The low significance finding related to the need for broader training to reduce reliance on a small number of staff with detailed system knowledge, thereby mitigating resilience risk.

12.4. The Executive Director of Resources and the Head of Finance and Commercial agreed that the report accurately reflected the position. Training materials to be rolled out across the HCPC were being finalised and an updated finance manual was due to be drafted by the end of March.

13. Internal audit progress report

13.1. BDO LLP presented the internal audit progress report. Two audits (media and communications and risk management) were at draft report stage and a follow-up review of recommendations was underway. All work was on track to support the internal audit annual opinion due to be submitted to the next Committee meeting in June.

13.2. Emerging overall, BDO LLP anticipated that the HCPC would remain at the upper end of a moderate annual assurance rating, reflecting the positive direction of travel over recent years.

13.3. The Chair recorded the Committee's thanks to Bill Mitchell and the BDO LLP internal audit team for their contribution over recent years. The Chair expressed her appreciation for BDO LLP's clear, concise reporting and for the constructive and professional manner in which audit work had been undertaken.

14. Internal audit plan 2026-27

14.1. The Head of Assurance and Compliance introduced the draft internal audit plan for 2026–27 prepared by RSM LLP. Some minor redrafting would be undertaken prior to finalisation to align the terminology with the HCPC's internal structures.

14.2. RSM LLP set out the proposed reviews for 2026–27, including key financial controls, data quality and management and incident management and business continuity. There was a contingency allocation for additional reviews to be agreed in-year. The plan also included a longer-term internal audit strategy, to be refreshed annually through further planning discussions with management and the Committee.

14.3. The Committee noted that the next dedicated cyber security review was in 2028–29, which felt too distant for such a critical risk. RSM LLP confirmed that the timing could be brought forward and that this would be reflected in the strategy and considered in the next annual planning cycle.

Action: The internal audit strategy would be revised to ensure cyber security was considered for inclusion in the 2027-28 internal audit plan.

14.4. A Committee member suggested that the ELT could consider sharing written responses to the questions 7-9 of the NAO's good practice guide on cyber security and resilience with the Committee, to provide additional assurance ahead of the next formal internal audit. The ELT agreed to consider this, highlighting the additional assurance the Committee could take from the existing programmes of Cyber Essentials Plus, ISO 27001 accreditation and external penetration testing.

Action: The ELT would consider the feasibility and merit of providing a written response to questions 7-9 of the NAO's good practice guide on cyber security to the Committee.

14.5. The Committee noted RSM LLP's suggestion that future training on cyber security for Committee members could be tailored to the findings of a future cyber audit.

14.6. A Committee member proposed that the contingency allocation could be used to fund an early internal audit review of the HCPC's use of artificial intelligence, focusing on both the realisation of opportunities and the mitigation of risks. RSM LLP advised that they could support this through initial scoping discussions and that the proposal could be included in a future internal audit report once confirmed.

Action: The Executive would consider the feasibility of, and optimal timeline for, an internal audit into the use of AI.

15. Internal audit recommendations tracker

15.1. The Improvement and Compliance Specialist introduced the internal audit recommendations tracker, highlighting that matters arising from previous meetings had been incorporated and that more detailed explanations had been obtained for recommendations with long extensions. Thirteen recommendations had been completed and closed in the quarter.

15.2. The Committee welcomed the improved clarity and readability of the tracker and commended the progress made.

15.3. The Committee queried whether recommendations ever became overdue, noting that dates often appeared to be extended rather than recorded as overdue. It was clarified that the Assurance and Compliance team sought to maintain open communication with action owners and to agree more realistic revised dates. Where there was a lack of engagement or communication, recommendations could be treated as overdue, but the current position reflected improved engagement and more realistic timelines.

15.4. The Committee considered the governance around changing target dates and expectations for future practice. It was noted that all internal audit reports were now considered by the ELT, who provided challenge on the practicality and affordability of proposed actions and dates. Changes to

implementation dates were proposed by heads of function but required director-level agreement. Improved project prioritisation processes aimed to reduce the need for repeated short extensions, with the expectation that future target dates would be more robust and fewer successive extensions would be required.

15.5. RSM LLP suggested that, for clarity, the tracker could distinguish between recommendations that had only recently become overdue against their original due date and those that had been subject to multiple deferrals to provide greater transparency over longstanding slippage.

Action: The Improvement and Compliance Specialist would review the categorisation of actions status (overdue, open or closed) to seek to differentiate between recommendations that had only recently passed the original implementation deadline and those that had been deferred multiple time.

15.6. The Committee reflected on the importance of clear ways of working between internal audit and management, including at close-out meetings, so that the risk giving rise to each recommendation was well understood, management felt able to challenge the proportionality of proposed actions and there was clear agreement on what evidence would be required to close each recommendation. These expectations would be articulated in the internal audit charter with RSM LLP, as had previously been the case for BDO LLP.

15.7. The Committee noted the tracker and the planned improvements.

16. Internal auditor appointment

16.1. The Head of Assurance and Compliance confirmed the appointment of RSM as the HCPC's new internal auditor, following a formal tender process.

External audit and annual report and accounts

17. External audit planning report 2025-26 (including fees)

17.1. The NAO presented the external audit planning report for the 2025–26 financial statements, setting out the audit risk assessment, materiality and planned approach.

17.2. The Committee noted that the risk assessment was broadly consistent with the prior year, although the specific risk relating to the implementation of Business Central was no longer referenced as this had been addressed in the previous audit and the risk relating to property valuation had reduced following a move to an indexation approach, consistent with the Government Financial Reporting Manual, with management planning to take expert advice on appropriate indices.

17.3. Planning and interim audit work had been completed with good engagement from the Finance team.

17.4. Under updated methodology, planning materiality would be set at 3% of the chosen benchmark (compared to 2% in the prior year). This would not change the overall assessment of risk or the scope of the audit but was expected to result in smaller sample sizes and a more efficient audit.

17.5. Fieldwork for the year-end audit was planned to commence in late July 2026, with the intention of laying the annual report and accounts in mid-October 2026. In future years, there was an ambition to move towards a July laying timetable.

17.6. In response to a question, the NAO confirmed that potentially complex areas, such as provisions and legal estimates, were being addressed earlier in the process and that the Somerville-related provisions were expected to be significantly less complex in 2025-26.

17.7. The Committee endorsed the proposed approach, timing and fee for the 2025-26 external audit and noted the timetable and key risks identified by the NAO.

18. Annual report and accounts update

18.1. The Executive Director of Resources and the Financial Controller provided a verbal update on preparations for the 2025-26 annual report and accounts and the external audit.

18.2. The Committee noted that:

- the interim audit had provided a good opportunity to test internal controls and processes ahead of year-end;
- recommendations from the prior year's management report had been implemented or were in progress;
- lessons learned from the previous audit, such as providing journal samples earlier and managing fieldwork within a defined window, had been incorporated into planning; and
- there were no current concerns about resourcing; there were no planned absences in key finance posts during the year-end audit period.

18.3. The Committee noted the update.

19. Review of accounting policies and significant judgments and estimations

19.1. The Financial Controller reported on changes to accounting policies and significant judgments.

19.2. The Committee noted that HM Treasury had confirmed changes to the accounting for non-investment property, plant and equipment, to be incorporated into the 2025-26 Financial Reporting Manual. An adaptation to IAS 16 would remove the requirement for annual revaluation of freehold property. Instead, the HCPC's property would be subject to full valuation on a five-yearly cycle, supplemented by annual indexation. The Finance team would consult with the NAO on the choice and application of appropriate indices.

Governance

20. Committee forward plan

20.1. The Committee noted the forward plan.

21. Resolution to move the meeting to private

21.1. The Committee resolved that the remainder of the meeting would be held in private because the matters being discussed related to:

- matters which, in the opinion of the Chair, are confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions; or
- action being taken to prevent or detect crime or to prosecute offenders in the case of item 24.

21.2. The meeting was briefly adjourned.