

Health and Care Professions Council (HCPC)

Business Central - General Ledger

Internal Audit Report - Final

December 2025

Level of Assurance:

Design	Moderate
Effectiveness	Substantial

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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 by their reliance on this report.

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Report status

Lead auditor(s):	Alastair Hughes
Dates work performed:	18 August - 27 October 2025
Additional documentation received:	13 November 2025
Draft report issued:	26 November 2025
Management responses received:	4 December 2025
Final report issued:	5 December 2025



Executive Summary

Level of assurance: (see Appendix I for definitions)		
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

Summary of findings (see Appendix I)			# of agreed actions
H	0		0
M	1	<div style="width: 25px; height: 10px; background-color: #e67e22;"></div>	2
L	1	<div style="width: 25px; height: 10px; background-color: #27ae60;"></div>	3
Total number of findings: 2			

Purpose

The purpose of the review was to provide assurance over the control design and effectiveness of core general ledger controls following the implementation of the Business Central Finance System, including integrity of data transfers from feeder systems.

Background

As part of the agreed internal audit plan for 2025/26, approved by the Audit and Risk Assurance Committee (ARAC), we undertook a review of key controls in respect to the new Business Central (BC) finance system.

HCPC procured and implemented a new finance system (BC) in April 2024. The system was adopted with minimal customisation which made implementation and data migration relatively straightforward. The timing for the implementation was also chosen to align with the start of the new financial year, so there could be a clear cut off and transition of closing balances.

This straightforward acquisition and transition meant only typical teething issues arose, such as setting up delegations and making staff aware of how to use the system, rather than fundamental flaws with the system. To manage these, a BC Consultant was retained to provide support.

Now the system has been in place for over a year, management are looking at how they can enhance functionality. As it has minimal customisation, the current version is useable but has been described by management as a bit “clunky” and missing some features such as the ability to generate high quality reports. One of the more recent addons utilises AI within document capturing, which in practice removes the manual input of invoicing and instead scans invoices which AI then populates in the system.

Background (continued)

The next planned add-on is a set of Finance, Planning and Analysis tools which will allow automated production of budgeting, forecasting and financial reports, which are all currently Excel based.

One of the main benefits of the BC system in the long-term should be a reduction in the number of operational systems. HCPC has historically used a range of systems such as Sage and WAP for sales and purchase ordering, BC should allow full integration of these processes. Alongside this, BC also integrates with other key systems using APIs, including the CRM system, Microsoft 365’s ‘Customer Engagement’ and Worldpay, a third-party payment provider. Management are keen to ensure all data from these systems is transferred accurately.

Conclusion

Overall HCPC has effectively designed processes which are operating in practice with respect to BC and the general ledger specific controls. However, this is currently over-reliance on existing staff knowledge, with a lack of detailed procedures and mandated training, meaning the control resilience is weakened.

Overall, we are able to provide Moderate assurance over the design and Substantial assurance over the effectiveness of the controls in operation with respect to the General Ledger. Further details of our findings can be found on the next page.

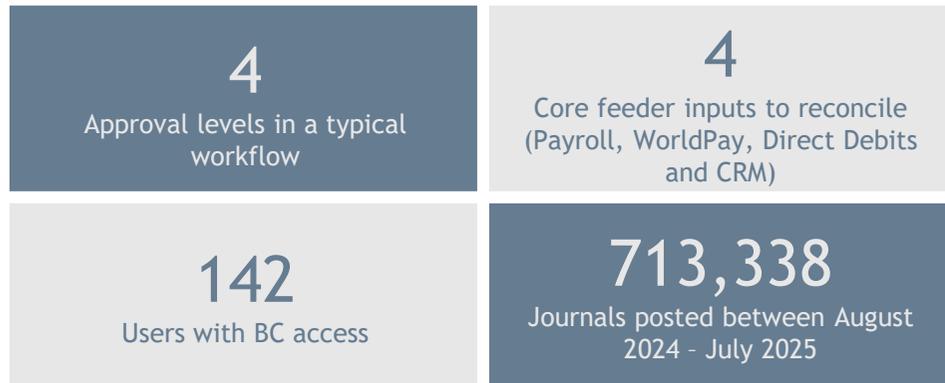


Executive Summary

Summary of good practice

- ▶ WorldPay is integrated with BC using an API. Retry mechanisms and authentications are in place to support the completeness and accuracy of data transferred.
- ▶ On a monthly basis, suspense items per BC are cleared using the Registration Team’s unallocated payment log. Also, our sample testing verified the regular meetings are held and appropriate journals raised for allocated balances.
- ▶ The IT process for removing leavers has three separate controls in place to prevent unauthorised access to the BC system: active directory accounts and user profiles are deleted, BC accounts are marked as inactive, and laptops are handed in.
- ▶ There is a clear process for adding users to the BC system which includes appropriate segregation of duties. Our sample testing of new additions to the system did not identify any issues with the access provided to individuals.
- ▶ The monthly Finance Reports provided to the Executive Leadership Team, Council, and People and Resources Committee balance summary information with detailed data to facilitate informed decisions and includes including income, expenditure, the balance sheet, and cashflow.
- ▶ We identified no issues with our sample testing of journals, with these being appropriately approved and supported with evidence.

Useful statistics and key takeaways



Our testing did not identify any concerns surrounding the controls in place to mitigate the following risks:

- ✓ Appropriate controls for recording journal entries do not exist, which may allow inaccurate or unauthorised journal entries to be made and recorded in the financial system and not detected, resulting in inaccurate financial reporting.
- ✓ The finance system is not appropriately interfaced with other existing systems resulting in errors and / or omissions in the information stored on BC.
- ✓ Information from the feeder systems is not regularly reconciled to the ledgers and unreconciled items cleared, resulting in discrepancies not being identified and addressed in a timely manner.
- ✓ Suspense items are not cleared in a timely manner, increasing the risk of fraud, error or financial loss.
- ✓ System access is not appropriately setup and restricted.
- ✓ There are inadequate segregation of duties within BC which may lead to erroneous or fraudulent payments.
- ✓ Delegations within the finance system are not aligned to the approved delegated authority, thus allowing approval outside of prescribed limits.
- ✓ Robust assurance is not provided to senior management on the current financial position, and compliance with key financial controls.

Summary of key findings

- ▶ The current policies and procedures could be enhanced to ensure they document in sufficient detail how to carry out certain processes (such as journals and reconciliations) and that there is appropriate cross referencing to more detailed documents where required.
- ▶ There is no defined training required for those with BC responsibilities and thus completion of any training/ review of guidance material is not undertaken, increasing the risk of a lack of awareness or consistency of application.

Detailed Findings



Detailed Findings

Risk: Policies and procedures are poorly designed, not accessible and not aligned to the new finance system.

Finding 1 - Policy and procedure improvements	TYPE
<p>Core processes and activities within an organisation, particularly financial, should be clearly documented in detailed policy and procedure documents to support consistent application of controls, and provide resilience to the knowledge of these controls through staff turnover. Policies will often set out the underlying principles of the key controls and then be supported by more detailed procedure documents. In instances where more detail is needed, specific process notes may be in place, with screenshots of how to use a system.</p> <p>We obtained and reviewed the available policy and procedure documents that were related to BC, with a specific focus on general ledger controls, such as reconciliations and journal entries. The Financial Regulations outlines at a high-level key financial controls, such as procurement, purchase orders (POs) and corporate credit cards, alongside providing the authority for financial commitments. However, there is no specific detail on how to perform these tasks, or cross referencing to relevant, more detailed procedure documents.</p> <p>For example, with regards to POs and payments, the document simply states that a purchase requisition generates a PO, and that budget holders are responsible for confirming that goods or service meet expectations before receipting the PO. There is no detail on how and when to raise a PO, who should do this, or reference to the detail PO policy that is in place. We also note that the Regulations do not make reference to BC, which while not fundamental, does help to drive up knowledge throughout the business, which is one of the purposes of the Regulations.</p> <p>We also requested the specific procedure documents relevant to the general ledger and noted the following gaps in documentation:</p> <ul style="list-style-type: none"> • The posting and approving of journal entries, highlighting what supporting documentation should be provided, how this documentation and the journal approval should be stored and details of the delegated authority of the journal approver. This is also not referenced in the Financial Regulations. • The regular reconciliations which need to be performed between BC and its feeder systems (i.e. payroll, CRM, etc) • Processes for checking and verifying the integrations with feeder systems to BC and managing user access to the system. <p>Further we noted that beyond the authority for financial commitments, there is no further delegation of authority set out in the Regulations. We would expect this to include other financial approval limits typically seen in an organisation, such as the journal approval noted above, write off approval, credit note approvals, etc.</p>	<p>Design</p> 
Implication	SIGNIFICANCE
<p>If there are not detailed and clear policies and procedures in place, then there is a risk that there is a lack of awareness of the correct processes to follow, resulting in inconsistent application and over-reliance on existing staff knowledge.</p>	Medium



Detailed Findings

Risk: Policies and procedures are poorly designed, not accessible and not aligned to the new finance system.

Recommendations	Action owner	Management response	Completion date
1. HCPC should determine if it prefers to have an overarching Financial Regulations document which cross references to detailed procedure documents, or detailed financial manual with all procedures included (a similar finding has been made previously). Regardless of approach, the gaps in procedures identified should be addressed, including adding reference to BC as the finance system in use.	Aihab Al Koubaisi - Financial Controller	We agree with the recommendation. We will produce a comprehensive Finance Manual that will reference the Financial Regulations and set out the detailed policies, procedures, and processes in one place. This manual will also address the specific areas you have emphasised, including documentation of journal entry processes and approvals, reconciliation requirements between BC and feeder systems, processes for verifying system integrations, and the management of user access.	31 March 2026
2. The Financial Regulations should have a complete scheme of delegation included, rather than just for financial commitments, or a separate document should be created.	Aihab Al Koubaisi - Financial Controller	We agree with the recommendation. We will incorporate a full scheme of delegation covering all key financial approval limits within the finance manual.	31 March 2026



Detailed Findings

Risk: Roles and responsibilities are not clearly defined or understood, and / or processes are overly reliant on single members of staff which creates a lack of accountability or key person dependency.

Finding 2 - There is a lack of formalised training and inadequate monitoring of training around general ledger processes.			TYPE
<p>Ensuring employees both inside and outside of the Finance team receive training on general ledger processes and controls is essential for maintaining adequate, relevant, and current knowledge from the point of induction.</p> <p>We discussed with management what training is currently provided to staff who engage with BC. For those staff who sit outside of Finance, this training includes recordings of previous Microsoft Teams calls outlining the PO approval and raising processes, as well as manuals on basic navigation, the PO raising process, and the PO approval process. Within the Finance team, line managers are responsible for training administrators on their business-as-usual tasks. This training is generally provided only to those taking on BC responsibility and is tailored to their job roles. However, training is not formally mandated by the Head of Finance or the wider organisation.</p> <p>The current approach to training means there is limited oversight of the uptake of training both inside and outside of Finance, and there is no consistency in the application of this training, both for new employees and existing employees. While not every individual in the organisation should be subject to formal training, in order to protect the financial control process, there should be standardised training which is mandated for key roles, to ensure consistency in understanding and application.</p>			<p>Design</p> 
Implication			SIGNIFICANCE
If there is not standardised, formal, mandated training which can be monitored for completion, then there will be inconsistent knowledge of the correct financial processes to follow and thus inconsistent application of controls.			Low
Recommendations	Action owner	Management response	Completion date
3. Management should determine which employees should receive mandated training and what this training should look like. This should include whether this only applies to those taking on responsibility for BC and if it should be refreshed on a periodic basis (i.e annually).	Aihab Al Koubaisi - Financial Controller	We agree with the recommendation to determine which employees should receive mandated training and what this training should consist of. We will put this in place as suggested and ensure it is designed and applied in line with the points raised.	31 December 2026
4. Management should develop standardised training for those individuals who require it and monitor completion of it, following up where required.	Aihab Al Koubaisi - Financial Controller	We accept the recommendation to develop standardised training for those who require it and to monitor completion. We will ensure that this is implemented as set out above and that appropriate follow-up takes place where needed.	31 December 2026
5. Where key processes are updated, ensure there is at least communication to relevant individuals on these changes, and update training where required.	Aihab Al Koubaisi - Financial Controller	We accept the recommendation and will ensure that any updates to key processes are communicated to all relevant individuals, with training materials updated accordingly, in line with what has been outlined above.	31 December 2026



Observations

Observation 1 - The Workflow management system is inefficient.

Workflows are edited manually by the Systems Accountant to reflect leavers and movers, and all workflows are reviewed daily by eye to confirm alignment with the Schedule of Delegation. We note that this is a very inefficient system and HCPC should investigate if it may be possible and beneficial to implement automated adjustments to the Workflows and reviews based on the Schedule of Delegation.

Observation 2 - Supplier setup and amendment

Through review of workflows, we noted the following:

- There is no approval process within the BC system to setup a new supplier. Therefore, in theory anyone in Procurement can set up a vendor in the system and bypass the contract establishment and new vendor approval process.
- The Senior Transaction Analyst and Finance Operation Managers do not require approval to add or amend bank details within the BC System. Though they cannot create suppliers, these individuals can theoretically amend bank details and go undetected.

In both cases, management have noted there are mitigating controls, but as accounts payable and supplier setup processes are out of scope of this review, these have not been investigated further and we have not raised this as a finding.

Appendices



Appendix I: Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial	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.
Moderate	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, that may put some of the system objectives at risk.
Limited	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.
No	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	
High	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.
Medium	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.
Low	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.
Advisory	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 II: Terms of Reference

Extract from terms of reference		
Purpose		
<p>The purpose of the review was to provide assurance over the control design and effectiveness of core GL controls following the implementation of the Business Central Finance System, including integrity of data transfers from feeder systems.</p>		
Scope area	Key risks	Approach
Policies, procedures and guidance	<p>Policies and procedures are poorly designed, not accessible and not aligned to the new finance system.</p> <p>Roles and responsibilities are not clearly defined or understood, and / or processes are overly reliant on single members of staff which creates a lack of accountability or key person dependency.</p>	<ul style="list-style-type: none"> Review the policies and procedures relevant to the areas of scope and assess whether roles and responsibilities have been clearly defined, communicated to staff and are being applied in practice. This will include whether staff have received appropriate guidance, support and training in relation to these areas and whether they are kept up to date as changes to processes/requirements are made. We will also assess if the process is robust enough to avoid bottlenecks through the approval chain and if delegations are appropriate. Benchmark the policies and procedures against examples of good practice and identify any clear gaps. We will assess if the policies and procedures are accessible and communicated.
Journals	<p>Appropriate controls for recording journal entries do not exist, which may allow inaccurate or unauthorised journal entries to be made and recorded in the financial system and not detected, resulting in inaccurate financial reporting.</p>	<ul style="list-style-type: none"> Assess how journals are processed and approved within Business Central. Test a sample of journals produced between 01 August 2024 and 31 July 2025, to assess if these have been performed in a timely manner and accurately, and any unreconciling items investigated. Assess how management logs, reviews and clears suspense items in a timely manner, and review a sample of monthly suspense logs to identify if these have been cleared regularly.
System interface, reconciliations and suspense accounts	<p>The finance system is not appropriately interfaced with other existing systems resulting in errors and / or omissions in the information stored on Business Central.</p> <p>Information from the feeder systems is not regularly reconciled to the ledgers and unreconciled items cleared, resulting in discrepancies not being identified and addressed in a timely manner.</p> <p>Suspense items are not cleared in a timely manner, increasing the risk of fraud, error or financial loss.</p>	<ul style="list-style-type: none"> Review and understand how the feeder systems flow into business central, including how management gets comfort over the completeness and integrity of the data being transferred. This includes how any reconciliations are performed. Test a sample of reconciliations performed between Business Central and the feeder systems to assess if these have been performed in a timely manner and accurately, and any unreconciling items investigated. Assess how management logs, reviews and clears suspense items in a timely manner, and review a sample of monthly suspense logs to identify if these have been cleared regularly.



Appendix II: Terms of Reference

Extract from terms of reference		
Scope area	Key risks	Approach
Delegated authority, segregation of duties and system access	<p>System access is not appropriately setup and restricted.</p> <p>There are inadequate segregation of duties within Business Central which may lead to erroneous or fraudulent payments.</p> <p>Delegations within the finance system are not aligned to the approved delegated authority, thus allowing approval outside of prescribed limits.</p>	<ul style="list-style-type: none"> Assess how system access is setup and managed for Business Central, including adding and removing of users. Compare the user access list to a list of current staff to identify any discrepancies and test a sample of additions and removals from the system between 01 August 2024 and 31 July 2025. Test logical application-level access controls, including password strength, the application of multi factor authentication, etc. Assess how the system is setup to enforce segregation of duties and assess user access to determine whether user access is commensurate with role. Assess how the system is setup to align to the delegated authority. If possible, we will perform data analytics to compare the authority limits in the system to the delegated authority to identify any discrepancies.
Management reporting	Robust assurance is not provided to senior management on the current financial position, and compliance with key financial controls.	<ul style="list-style-type: none"> Identify the reporting lines to senior management on financial activity (such as management accounts) and assess whether this provides sufficient detail to make informed decisions.

Extract from terms of reference

Exclusions/ limitations of scope

The scope of the review was limited to the areas documented under the scope and approach. All other areas were considered outside of the scope of this review. Specifically, we did not cover:

- ▶ Detailed financial process outside of core GL controls such as their reconciliation with the GL and journals that might be used to post these systems' activity to the GL (i.e AR, AP, Payroll).
- ▶ Budget management and forecasting.
- ▶ The data quality of the feeder systems directly, nor any controls relating to these, with the exception of how the systems feed into Business Central.

Our work was inherently limited by sampling risks and therefore did not provide assurance over all finance processes. We were reliant on the honest representation by staff and timely provision of information as part of this review.



Appendix III: 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 & Commercial	Audit Sponsor
Jagana Abubacarr	Systems Accountant	Key contact
Aihab Al Koubaisi	Financial Controller	Key contact
John Du	Senior Transaction Analyst	Key contact
Adebusola Akinlabi	Financial Analyst	Key contact
Tarek Hussien	Procurement Manager, Finance & Commercial Department	Key contact
Geoff Kirk	Head of IT and Digital	Key contact
Jason Roth	IT Platforms & Architecture Lead	Key contact
Richard Welsby	IT Service Delivery Lead	Key contact
Aditya Palai	HR Business Partner	Key contact



Appendix IV: Limitations and Responsibilities

Management Responsibilities

The Board 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 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 covers 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 is 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.

Conformance with the Global Internal Audit Standards

This engagement has been conducted in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

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