

**Health and Care Professions
Council
Internal Audit - Annual Report & Opinion
Draft
May 2026**



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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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1. Executive summary

Introduction

Role of Internal Audit

Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the board* and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The primary responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Board is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

*The Global Internal Audit Standards (GIAS) refer to the 'board' as 'the highest-level body charged with governance.' For HCPC, 'the board' is the Audit and Risk Assurance Committee (ARAC) acting on behalf of the Board.

Planned coverage

Our internal audit work for Health and Care Professions Council (HCPC) covered the period 1 April 2025 to 31 March 2026 and was carried out in accordance with the Internal Audit Plan approved by the ARAC and in line with the recognised Global Internal Audit Standards (GIAS) from the Institute of Internal Auditors and the Internal Audit Standards Advisory Board's Application Note GIAS in the UK Public Sector, which together comprise the 'GIAS in the UK Public Sector'.

The internal audit programme is risk-based and our work is designed to align to key risks over the life cycle of the internal audit plan. The approved internal audit annual plan for 25/26 comprised the following assignments:

- | | |
|-------------------------------------|-------------------|
| ▶ Fitness to Practise | ▶ Cyber Security |
| ▶ Research | ▶ Health & Safety |
| ▶ Media & Communications | ▶ Follow-up |
| ▶ Business Central - General Ledger | |

Changes to the plan

The Research review changed to Risk Management at the request of management, and this was approved by the ARAC. This was due to the area not being ready for a review at this time. Risk Management was selected as it was due for review soon, and seen as an added value replacement given the pivotal role risk management has in HCPC's governance and reporting framework. This was agreed with ELT.

Audit outcomes

The conclusions from our reports are summarised on pages 9 to 10. Key themes are summarised on page 8.

Background to the Annual Opinion

Internal Audit has been asked to provide an opinion to the Board, through the ARAC, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by us as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

1. Executive summary

Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of HCPC's risk management, control and governance processes.

Opinion

Our opinion is as follows:

→ Good

→ Generally satisfactory with improvements required in some areas

→ Improvements required

→ Significant improvements required

Across the six assurance reviews completed in 2025/26, controls were generally found to be appropriately designed and, in most cases, operating effectively to support the achievement of the organisation's objectives. Majority of the audits concluded with either Moderate or Substantial assurance opinions, and notably no High-rated findings were identified, indicating that there are no fundamental control failings requiring urgent management attention.

However, while no areas were assessed as unsatisfactory, the work undertaken identified a number of recurring themes where improvements are required to further enhance the consistency, maturity and sustainability of the control environment. Risk management was the only review to receive Limited assurance in both design and operational effectiveness, primarily due to weaknesses in documentation and data quality.

Across other areas, some controls were newly implemented or still embedding limiting the level of assurance that could be provided over effectiveness and there remains some reliance on manual processes, informal judgement or incomplete documentation, which increases the risk of inconsistency and reduces transparency and audit trail. These issues largely reflect control maturity and embedding rather than fundamental failings.

As these controls continue to be embedded and the agreed recommendations implemented, the organisation is well positioned to further strengthen its overall control environment.

Basis of opinion

As the provider of internal audit services to HCPC, we are required to provide the ARAC and the Board with an opinion on the adequacy and effectiveness of the risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in the HCPC's risk management, control and governance processes.

In assessing the level of assurance to be given, we have taken into account:

- ▶ Our assessment of the design and operation of the underpinning risk management framework and supporting processes, including whether risk appetite has been established and embedded within the activities, limits and reporting of the organisation.
- ▶ The range of individual opinions arising from risk-based audit assignments that have been reported throughout the year; including the relative materiality of these areas
- ▶ Any significant recommendations not accepted by management and the consequent risks (if any)
- ▶ Management's progress in respect of addressing control weaknesses and implementing recommendations
- ▶ Any limitations which may have been placed on the scope of internal audit - No limitations were placed upon our work during the 2025/26 year
- ▶ Reliance placed upon other assurance providers
- ▶ The effects of any significant changes in the organisational objectives or systems
- ▶ What proportion of HCPC's audit need has been covered to date.

This opinion is based on information provided between 1 April 2025 and 31 March 2026, and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

1. Executive summary

Recommendation follow up

Management action on implementing recommendations

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Where management has marked recommendations as closed, this has generally been accurate and verified as part of the internal audit follow up exercise. Where the action was re-opened revised dates were provided.

Internal Audit performed a follow up review in Q4 to verify the implementation of actions marked as completed by management across the year. Overall, out of 13 actions marked as completed, HCPC had:






- Fully implemented 11 (85%) of recommendations
- Partially implemented 2 (15%) of recommendations

In general, this is good progress, although management should look to strengthen its own process for reporting actions as completed, so as to aim for 100% verification as part of internal audit reviews.








2. Thematic reporting

Throughout the 2025/26 internal audit plan, we have considered key findings against five core themes. Broadly, these themes were considering the following key questions:

Area	Principle
 Strategic Alignment and Reporting	<ul style="list-style-type: none"> ▶ Is the area under review coherent with the overall strategic objectives, and is reporting sufficient and appropriate to enable effective oversight at a strategic level?
 Controls & Assurance	<ul style="list-style-type: none"> ▶ What first/second line controls are in place, and are these offering adequate comfort? Does the business obtain assurance from other sources? ▶ Is the overall control framework fit for purpose?
 Documentation	<ul style="list-style-type: none"> ▶ What is the quality of the documentation? Is it user friendly, accessible, and easily understood? ▶ Where are documents stored? Are policies up to date?
 Systems & Data Quality	<ul style="list-style-type: none"> ▶ Is there good quality of data and a 'single version of the truth'? Which systems are used to maintain data integrity? Do the right people have access? ▶ Have relevant performance metrics been calculated and can these be accurately compared to source data and in line with regulatory guidance?
 Resources	<ul style="list-style-type: none"> ▶ Where does responsibility sit? Do they have sufficient capacity? ▶ Are people appropriately skilled and trained? Are there any cultural issues to note? ▶ Are controls in place to reduce the risk of fraud, or to highlight instances where there may be higher risk of fraud within processes?

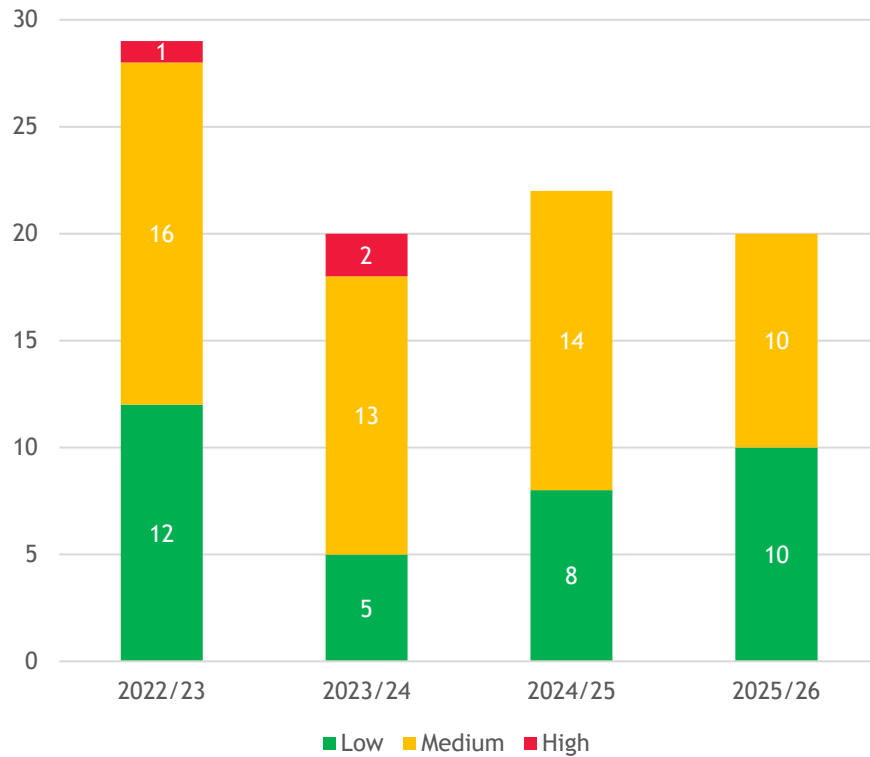
2. Thematic reporting

Overall, the themes identified across the internal audit programme indicate a strengthening control environment, with generally robust control frameworks in place and strong reporting and oversight through Senior Management and ARAC. Themes relating to documentation, controls and assurance, systems and data quality, and resources were most prominent. While good practice was observed in the use of established systems, specialist teams and targeted recruitment to address capacity and capability gaps, recommendations have primarily focused on improving consistency of documentation, formalising risk-based decision-making, and embedding newly implemented controls. These themes largely reflect areas of control maturity and embedding, rather than fundamental weaknesses, and align with the absence of High-rated findings and the increase in Substantial assurance opinions across the year.

Area	Principle
 Strategic Alignment and Reporting	<ul style="list-style-type: none"> ▶ Most areas reviewed demonstrate alignment to corporate objectives and regulatory outcomes, with clear intent to support HCPC’s statutory role (e.g. Communications Strategy; Cyber Security aligned to ISO/NIST; risk registers mapped to strategic risks). ▶ There is inconsistent articulation of how operational activity supports strategic risks and appetite as identified as part of Risk Management or Health and Safety. ▶ Reporting to committees generally occurs as scheduled, but strategic insight is diluted by high volumes of information (e.g. ORR size) and limited escalation of emerging risks from operational areas.
 Controls & Assurance	<ul style="list-style-type: none"> ▶ Core first-line controls are in place across all areas reviewed, and in several cases (Media & Comms, Cyber Security) are operating effectively in practice. ▶ However, controls can be judgement-based, informally applied, or weakly evidenced, reducing assurance over consistency and sustainability.
 Documentation	<ul style="list-style-type: none"> ▶ All audits identified documentation gaps to varying degrees, despite underlying processes often operating as intended. ▶ Policies, frameworks and protocols are sometimes outdated, incomplete, or not fully aligned to current practice (e.g. ERM framework absence; cyber incident response plan not finalised; Press Office Protocol lacking risk assessment criteria).
 Systems & Data Quality	<ul style="list-style-type: none"> ▶ Systems supporting operational delivery are generally well established, with examples of good practice (e.g. Comms Live Dashboard; security tooling; structured risk registers). ▶ Nevertheless, data quality and structure issues recur - particularly where registers or trackers become over-populated or inconsistently maintained (e.g. ORR; inquiry trackers; supplier records).
 Resources	<ul style="list-style-type: none"> ▶ Staffing levels and technical capability are generally appropriate, with clear evidence of skilled teams operating effectively (notably in Communications and Cyber Security). ▶ However, several audits highlight key-person dependency, reliance on specialist knowledge, and informal practices not easily transferable to new staff. ▶ Competing priorities and capacity pressures contribute to gaps in documentation, control monitoring, and follow-through of mitigating actions.

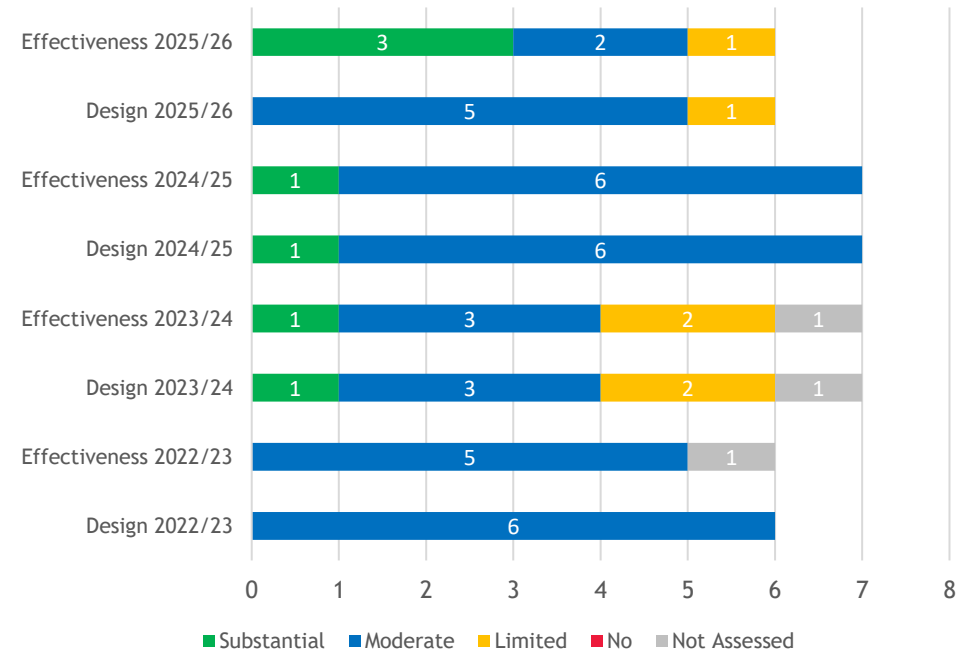
3. Summary of results

Findings by significance



Year	2022/23	2023/24	2024/25	2025/26
Assurance audits completed	6	6	7	6
Findings raised	29	20	22	20
Average per audit	4.8	3.3	3.1	3.3

Assurance opinions



Comparison to prior year

Overall, the control environment has remained stable with no clear spike in risk, reflected in the absence of High-rated findings in 2025/26. While there are two limited opinions, the number of substantial opinions has also increased by an equivalent amount.

- ▶ There is a stable trend in the average number of findings per audit, with the average number of recommendations in 2025/26 increasing slightly to 3.3 from 3.1.
- ▶ The total proportion of positive design (substantial and moderate) opinions provided remained strong despite falling from 100% to 83% in 2025/26. The proportion of positive operational effectiveness opinions also remained high at 83% in 2025/26 (again falling from 100%), with an increased proportion of substantial opinions in 2025/26.

3. Summary of results

Within the year, we produced seven audit reports, one which was a follow up. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective.

The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Findings and significance			Overall report opinion		Link to internal audit plan
		High	Medium	Low	Control design	Operational effectiveness	
Fitness to practise - Declarations	Assurance	-	1	3	Moderate	Moderate	No change
Risk management	Assurance	-	4	-	Limited	Limited	This replaced the Research review
Media & Communications	Assurance	-	1	-	Moderate	Substantial	No change
Business Central - General Ledger	Assurance	-	1	1	Moderate	Substantial	No change
Cyber Security	Assurance	-	2	5	Moderate	Moderate	No change
Health & Safety	Assurance	-	1	1	Moderate	Substantial	No change
Follow up	Follow Up	TBC			N/A - Follow Up		No change

4. Quality assurance

As a firm we are committed to continual improvement. To achieve this, we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit services rests with a team of dedicated internal audit professionals who form part of a national Risk and Advisory Services (RAS) team.

Qualifications, Training And Development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams by the Chartered Institute of Internal Auditors, or for a professional accountancy body.

Qualified staff are required to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Quality assurance processes

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

- ▶ **Documented standards** - the fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Global Internal Audit Standards and GIAS in the UK public sector.
- ▶ **Annual plan** - A risk-based approach is taken to determine the annual plan.
- ▶ **Planning** - each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- ▶ **Quality assurance** - the work conducted to meet the requirements of each assignment brief is subject to a full client debrief and to manager review within the audit team before a final draft report is issued. All finalised reports are approved and signed off by a licence holder (Partner or Director).
- ▶ **Cold reviews** - we also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals outside of the team which conducted the work. The work of cold review is subject to our National Quality Review processes, aimed at ensuring consistency of standards adopted within the firm.

Continuous Improvement

The results of the various review processes that are outlined opposite are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our RAS team receives on a firm wide basis. At the moment each of our team members is required to attend at least two RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

Compliance with the Global Internal Audit Standards (GIAS)

Based on the results of our internal assessments, we can confirm that our Internal Audit services are aligned and have been delivered in accordance with the Global Internal Audit Standards and Topical Requirements and GIAS in the UK public sector during the year. It should be noted that as the GIAS became effective on 9 January 2025 and GIAS in the UK public sector on 1 April 2025, there has been a transition period during the year.

We confirm there have been no deviations from the GIAS during the year.

External Quality Assessment

The Global Internal Audit Standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

Our next EQA is due in late 2026.

5. Annual attestation of independence

Independence

The Internal Audit function is independent and objective and we undertake our work with an impartial, unbiased attitude, avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises.

During the year we have not acted in any management capacity, taken on any responsibility for the operations of your organisation or provided any services that would compromise our independence.

In the year BDO has not been engaged by management to carry out additional services outside of Internal Audit contract.





If the independence or objectivity of the Internal Audit service is ever impaired, details of the impairment will be disclosed to either the Chief Executive/their delegate, or the Chair of the Audit and Risk Assurance Committee, dependent upon the nature of the impairment.

Relationship with external audit

All of our final reports are available to the external auditors through the Audit and Risk Assurance Committee papers and are available on request.

Appendix I: Definitions

Annual Opinion Definitions

Opinion		Definition
	Good	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements.
	Generally satisfactory with improvements required in some areas	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk.. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.
	Improvements required	Significant weaknesses were identified in [both the design and/or operational effectiveness] of the controls in [all/the majority] of the areas which we examined and weaken the risk management, governance and control arrangements.. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.
	Unsatisfactory	The framework of governance, risk management and control arrangements is poor. Immediate action is required to improve the design and/or operational effectiveness]of the governance, risk management and control arrangements.

Appendix I: Definitions

Audit Report 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.

Appendix II: Link to strategic risks

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic risks					
		Risk 1	Risk 2	Risk 3	Risk 4	Risk 5	Risk 6
Fitness to practise	Assurance	✓	✓				
Risk management	Assurance	✓	✓	✓	✓	✓	✓
Media & Communications	Assurance				✓		✓
Business Central - core financial controls	Assurance					✓	
Cyber Security	Assurance					✓	
Health & Safety	Assurance					✓	
Follow up	Follow Up	✓	✓	✓	✓	✓	✓

Strategic risks	
Risk 1	We are unable to deliver our regulatory requirements effectively in a changing landscape, affecting our ability to protect the public.
Risk 2	Our standards do not reflect current practice and/or they are not understood by registrants and our stakeholders.
Risk 3	<ul style="list-style-type: none"> a. The quality of our data leads to assumptions or gaps in understanding, and therefore inadequate or uninformed decision-making. b. We are unable to maximise our use of the data we hold to share insights to protect, promote and maintain the health, safety and well-being of the public.
Risk 4	We are unable to effectively build trust, engage with and influence our stakeholders, reducing our ability to understand their perspectives and regulate effectively.
Risk 5	<ul style="list-style-type: none"> a. The resources we require to achieve our strategy are not in place or are not sustainable. b. Our organisational values are not reflected at all levels of the organisation, leading to staff not feeling supported, trusted, or listened to.
Risk 6	<p>We do not sufficiently or appropriately promote our work, leading to opportunities to enhance our regulatory activity being missed and the benefits of regulatory reform remaining unrealised. This can manifest in two primary ways:</p> <ul style="list-style-type: none"> a. The role of regulation in the delivery of high-quality care is underestimated by the public, registrants, students, and employers; b. Our ability to protect the public is under-recognised by policy makers and influential stakeholders.

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