Health and Care Professions Council

Audit planning report

01 March 2023

Partner: Kathryn Burton; kburton@haysmacintyre.com
Manager: Ezenwa Osuji; eosuji@haysmacintyre.com

Year ended 31 March 2023

1 Introduction

Scope

The purpose of this report is to confirm the arrangements for our audit of the financial statements of the Health and Care Professions Council ('the Council') for the year ending 31 March 2023 and to give the audit committee an overview of our audit plan and the nature and scope of our audit work.

We conduct our audit in accordance with International Standards on Auditing (UK) ('ISA'). Our audit objective is to obtain sufficient appropriate and reliable audit evidence to enable us to express an audit opinion on the financial statements of the Council for the year ending 31 March 2023.

Audit Plan

Our audit plan, key dates, proposed fees and other matters are set out in the following pages.

We have carefully prepared this plan based on discussions with management and we are satisfied that, if all elements of the plan are implemented, we will be able to complete high quality audit that meets your deadlines.

If you do not deliver to the agreed timetable or provide the audit deliverables at the agreed times, we cannot guarantee that we will be able to meet the audit completion deadlines set out in our audit plan. We may also need to deploy additional resources to ensure that our audit work is completed to the required quality standard which may cause a disproportionate delay to the completion of our work. In addition, it is highly likely that the audit will incur additional audit fees.

Audit Quality

Audit quality is our highest priority and we have chosen a suitably knowledgeable, skilled and experienced team. This year, further change to ISAs and other regulatory pressures have significantly increased the amount of work and cost required to perform all audits. Our proposed audit fee ensures we can allocate sufficient time to enable the team to perform the audit work in accordance with the ISAs and best practice.

Respective responsibilities in relation to the audit of the financial statements

The Council members are responsible for the preparation and approval of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council members are responsible for assessing the Council's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for

Yours faithfully

Haysmacintyre LLP

Haysmacintyre LLP

2 Risk Assessment and materiality

When planning our audit work, we devise our work to minimise the risk of material misstatements occurring in the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the entity operates. We then use this assessment to develop an effective approach to the audit.

At completion of our work, we will report back in our Audit Findings Report the work performed in relation to each risk and our findings. ISAs include the following two presumed significant risks:

Area of focus	Significant Risk	Planned audit work
Fraud in revenue recognition	The risk of incorrect treatment of income under IFRS In particular, there is a risk that fee income has been recognised in the incorrect period. This is especially in light of the issues identified in the 2021 audit which resulted in extensive work around fee income, deferred income and accrued income. While improvements have been made in the systems at the date of this report, income reconciliations had only been produced up to September 2022..	We will plan and perform specific tests to assess the validity of revenue recognition in the period. We will rationalise membership income based on membership numbers as well as performing tests of detail on a sample of individual members to confirm that income has been correctly recognised. In particular, we will consider the recognition of deferred and accrued income. We will review and test the internal controls over the recording of member details on the CRM system and the periodic reconciliations with the finance system and any changes to these controls given the upgrades and changes to registrations and accounting systems and the difficulties we know to have been faced during the year in getting these reconciliations up-to-date.
Management override of controls	The risk of misappropriation of assets and the risks of misrepresentation of financial information. In particular, we note that there is a elevated risk of error in relation to journals posted in relation to income, deferred income and accrued income due to the large number of manual adjustments that are made in these areas of the accounts. We also highlight the changes in key finance personnel during the year being audited which increases the risk of weaknesses in the operation of controls in the year. We also highlight the changes in key finance personnel during the year being audited which increases the risk of weaknesses in the operation of controls in the year.	We will consider and review all areas requiring judgement or estimates in order to assess the appropriateness of the judgements and estimates made by management. We will review and test journal entries made as part of the year-end financial reporting process and those made in the year. Where necessary we will make further inquiries regarding any seemingly inappropriate or unusual journal or other adjustments. We will review manual adjustments made to income, accrued income and deferred income in conjunction with any reconciliations performed during the year to ensure that they are appropriate. We will discuss any updates to controls and the operation of controls in the year, in particular testing those affected before and after staff changes.

2 Risk Assessment and materiality(continued)

We do not consider there to be any further areas of significant risk. However, we consider the following to be areas of additional audit focus as they relate to material balances or areas of change or will be of interest to those charged with governance:

Area of focus	Focus	Planned audit work
Valuation of fixed assets	Our focus will be on any potential impairment of assets especially around the use of key systems and the change programme, to ensure that assets are not impaired and are not materially overstated within the financial statements.	Tests of detail to be performed to confirm that fixed assets are not overstated and that only appropriate items have been capitalised. We will also review third party valuation on the Council's property assets to ensure the values are appropriately stated and that any uncertainty over values is appropriately disclosed within the financial statements and auditors' report.
Implementation of IFRS16	IFRS 16 became effective for HCPC from 1 April 2022, following the implementation date being put back several times. The impact of the standard is expected to be material in respect of financial reporting. There is a risk that: not all leases have been assessed the lease liability and associated asset have not been valued in accordance with the standard. On the basis of discussions with management, the valuation is based on discounted lease payments and there is minimal subjectivity in the calculations. On this basis, this is an area of focus and not a significant risk.	We will review management's preparation for implementing the new standard, including: - Management's process for identifying and reviewing all leases; - The discount rate used – this is considered to be a key area of judgement which will be reviewed by the audit team and sensitised; and - The disclosures in the accounts to ensure they comply with the standard.
Completeness of creditors	This is an area of focus to ensure that the Council's liabilities may be incomplete.	Substantive testing to be carried out along with a review of post year end payments and purchase invoices to consider the completeness of liabilities. We will obtain third party confirmation of outstanding liabilities relating to fitness ton practice cases and reconcile this information with accrued costs recognised in the financial statements.
Completeness of staff costs	Staff costs are a significant area of expenditure. The focus is to ensure that any related disclosures and provisions, are not incomplete.	Testing will be performed to ensure that only bona fide employees of the organisation are paid. We will also consider the accuracy of the disclosure of staff costs in the financial statements. A Remuneration Report will be included within the financial statements. We will liaise with the NAO to ensure that the report meets the necessary disclosure requirements.

Materiality

We define materiality as the magnitude of misstatement that we expect would reasonably influence the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work.

In planning our audit work, we will give particular attention to those areas of the financial statements that we consider to be the most important in terms of materiality as defined above.

Draft materiality is as follows:

Value	Materiality figure
£749k	Draft materiality has been based 2% of current year forecast revenue
£562k	Performance materiality will be used to detect errors at a lower precision level and has been based on 75% of draft materiality.
£37,500	We will report all identified errors greater than 5% of draft materiality

Related parties

ISAs also require us to consider the susceptibility of the financial statements to material misstatement due to fraud or error that could result from related party relationships and transactions. We are required to record all identified related parties and we would appreciate it if you could make available related party disclosure forms for all Council and senior management team.

3 Developments in Reporting & Auditing

Changes to the applicable reporting framework – International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") amendments

There are no major new or amended standards coming into effect for accounting periods beginning in 2022, however the impact of the significant economic uncertainty referred to above may change recognition and measurement of transactions and balances under existing accounting standards differently to prior periods.

For example, IAS 36 "Impairment of assets" requires entities to perform an impairment assessment at a period end as to whether assets within its scope may be impaired. IAS 36 includes a list of factors that could indicate that impairment has occurred. The impacts of high inflation, increasing costs of living and utility costs, rising interest rates, the ongoing economic readjustment since the impacts of the COVID-19 pandemic, the war in Ukraine could all possibly represent a significant adverse change 'in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated' and therefore be a potential source of impairment.

Companies are expected to apply amendments to IFRSs that became applicable this year and disclose the expected impact of revisions that have been issued but are not yet applicable, if they are material.

Significant Audit changes

ISA 240 ' *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'*

In May 2021 the FRC published revisions to the International Standard on Auditing (ISA) (UK) 240: The auditor's responsibilities relating to fraud in an Audit of Financial statements.

The revisions are effective for audits of financial statements for periods beginning on or after 15 December 2021 and made to address concerns about audit quality and the effectiveness of audit, and to clarify auditors' responsibilities in respect of the risk of fraud in the financial reporting process.

The revisions include:

- Enhancements to the requirements for the identification and assessment of risk of material misstatement due to fraud and the procedures to respond to those risks.
- A greater focus on the need for professional scepticism and a requirement to ensure that audit procedures are not biased towards obtaining corroborative evidence at the expense of excluding evidence that is contradictory
- A new requirement to make inquiries about allegations of fraud raised within an entity, e.g. to management or whistleblowing procedures
- A new requirement to consider whether the audit engagement team requires specialised skills during the planning or performance of an audit to assist with the audit of complex issues and matters within an audit engagement
- A new "stand back" requirement to assess whether sufficient appropriate audit evidence has been obtained with respect to the assessed risk of material misstatement due to fraud.

While the changes in some cases represent the codification of current best practice, audit teams will need to ensure that their fraud risk assessments are appropriate and sufficient, and that these objectives are met and fully documented in line with the new requirements. For those audits where fraud has occurred or is suspected, or the complexities of circumstances make fraud risk greater, there is likely to be a greater impact, for example through the use of specialists.

ISA 315 '*Identifying and Assessing the Risks of Material Misstatement'*

In July 2020 the Financial Reporting Council (FRC) published extensive revisions to the International Standard on Auditing (ISA) (UK) 315: Identifying and Assessing the Risks of Material Misstatement.

The revisions are effective for audits of financial statements for periods beginning on or after 15 December 2021 and made to address concerns about audit quality. The revisions are comprehensive and require auditors to significantly revise their audit planning approach through the expansion and strengthening of requirements that determine the scope and content of the mandatory audit risk assessments which drive the design, scope and scale of the detailed audit work.

Major changes include:

- The introduction of five new inherent risk factors to aid the audit risk assessment: subjectivity, complexity, uncertainty, change, and susceptibility to misstatement due to management bias or fraud
- The introduction of the concept of a spectrum of risk, at the higher end of which lie significant inherent risks
- The requirement for auditors to assess inherent and control risks separately rather than a combined assessment as currently allowed
- The requirement for auditors to obtain a far deeper and wider understanding of the audited entity's IT environment and controls, particularly IT general controls
- A requirement for auditors to understand and document more about the systems and controls relevant to the audit and on the design and implementation work required for these controls

Significant Audit changes

- A requirement to distinguish between direct and indirect control components
- As with recent revisions to other ISAs there is an increased focus on 'professional scepticism' – in particular the need not to bias work toward obtaining evidence that is corroborative or excluding evidence that is contradictory. It also introduces strengthened documentation requirements for auditors in this area.
- The requirement for auditors to obtain 'sufficient, appropriate' evidence from risk assessment procedures as the basis for the risk assessment
- A new 'stand-back' requirement which compels auditors to reconsider the audit implications, when material classes of transactions, account balances, and disclosures are not assessed as significant in the original assessment and to reconsider if the original assessment is appropriate

Changes to audit work:
The revisions to the standard will require all auditors to perform separate assessments of inherent risk and control risk which, combined with the new framework for assessing inherent risk factors, will mean that auditors must perform a complete refresh of their audit risk assessments in order to comply with the revised standard.

- The new concept of the 'spectrum of inherent risk' will change how all risks are assessed. Where the assessed risk falls on the spectrum will determine the scope and extent of further procedures auditors will need to perform. The higher on the spectrum the risk falls, the more persuasive the audit evidence needs to be. Therefore, the spectrum of risk concept should drive improvements in the focus of audit work towards those areas which are susceptible to greater risk, while the changes to how audit evidence is to be assessed is anticipated to lead to better quality audit evidence.
- The requirement for auditors to obtain a far deeper and wider understanding of risks faced by the audited entity together with a greater understanding of its IT environment and controls will increase the time devoted to planning audits. Our audit team will spend more time completing risk assessment processes, performing more detailed audit planning, and will make new or more detailed enquiries and requests of management, operations, and IT teams in order to increase their understanding and meet the requirements of the new audit standard.
- Changes to audit evidence requirements build upon the concepts introduced with ISA 540 (Accounting Estimates) in 2019; auditors are likely to require more evidence across the audit, particularly those areas which are the most complex, subjective, or judgmental. When these changes are combined with the increased focus on the need for professional scepticism in audit, it is likely that our audit team will be requesting more, or more detailed, audit evidence and making more challenging enquiries of management than has been the case in previous years.

Impacts and benefits:
While meeting the requirements will increase the amount of audit team and management time spent on the audit, this deeper understanding of audited entities is anticipated to result in changes to the detailed audit approach and improve the quality of audits by ensuring that audit resources are increasingly focused on the most material risks faced by entities.

Additionally, while the focus of the changes to the audit standard and required responses are designed to improve audit quality, we also anticipate that entities may often receive new or more detailed insight into control weaknesses as a result of the enhanced audit risk assessment and subsequent detailed audit work.

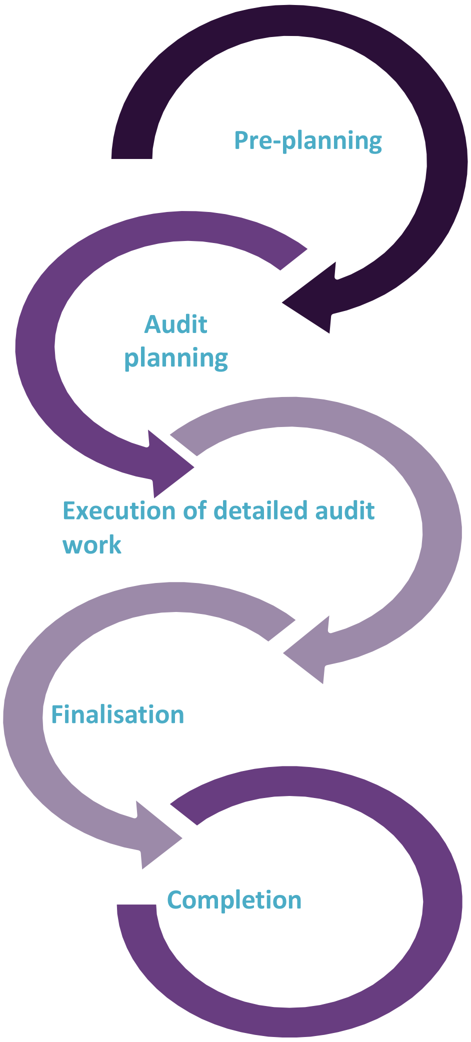
4 The Team and Audit Timetable

Our team for the audit will be as follows:

Team member	Role	Contact details
Kathryn Burton	Audit partner	kburton@haysmacintyre.com
Ezenwa Osuji	Audit manager	eosuji@haysmacintyre.com
Prabhat Poudyal	Audit senior	ppoudyal@haysmacintyre.com
Shuab Jama	Audit junior	sjama@haysmacintyre.com

As agreed, following discussions with management on 27th February 2023, our work is being planned to meet the timetable as previously agreed and set out in Appendix One.

The major phases of our audit and major elements of each phase can be summarised as follows:



- Initial information gathering
- Preparation of draft audit deliverables requirements list
- Set up of file sharing system (Inflo)
- Agree detailed audit timetable
- ISA 315 (Revised) information gathering
- General IT controls assessment

- Audit planning meeting with management
- Detailed information gathering
- Preliminary analytical review
- Detailed risk assessment
- Development of audit strategy

- Detailed audit testing led by audit senior
- Reviews by audit manager
- Ongoing progress meetings

- Finalisation and final analytical reviews of the financial statements
- Final reviews of audit file
- Finalisation meeting

- Filing & publication of financial statements
- Issue of final audit findings report

Remote working

We have agreed a hybrid approach with HPCP Management as this best suits their working style. We will be on site for a single day during each fieldwork visit week (see appendix one for timetable). The audit team will complete work remotely for the rest of the audit.

5 Reporting, Internal Controls and Independence

Reporting

At the conclusion of the audit, we shall report to the audit committee and the Council as follows:

- Audit report for the Council audited by Haysmacintyre;
- Audit Findings Report ('AFR'), including the management letter, to include discussion of control issues and recommendations, significant findings from the audit and emerging developments; and
- A schedule of errors that we identified during our audit work, which have not been adjusted for in the financial statements. The summary will not include errors that are 'clearly trivial'. We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will be included in the letter of representation.

Internal controls

The newly revised ISA 315 '*Identifying and Assessing the Risks of Material Misstatement*' requires us to obtain an understanding of the control environment, system of internal controls, IT systems and controls and entity's risk assessment processes relevant to the financial reporting process, through performing risk assessment procedures.

Subsequent to these risk assessment procedures the nature and extent of our detailed audit procedures will vary according to our assessment of the accounting system and, where we wish to place reliance on it, elements of the internal control system relevant to the financial reporting process.

Where you have informed us that you have dealt with a particular risk by the introduction of supervisory, detailed or IT controls, if we consider it cost effective to seek to rely on these controls for audit purposes, we will test them and, if they are working effectively, we will reduce the time spent on other audit tests accordingly.

Our audit is not designed to identify all significant weaknesses in the systems but, if such weaknesses come to our notice during our audit which we think should be brought to your attention, we shall report them to you.

Independence

Under the Ethical Standard published by the Financial Reporting Council we are obliged to consider all significant facts and matters that could bear upon our objectivity and independence.

We have provided VAT and employment tax advice to the Council in previous periods. For such work, we have ensure the following safeguard to ensure our continued independence and objectivity: the VAT and employment tax work will be completed and reviewed by teams entirely separate from the audit team.

No non audit services have been provided in the period.

We consider that the policies and procedures that we have adopted to comply with the Ethical Standard and guidelines including where required, rotation of the partner or manager and the use of our independent internal quality review, will ensure our continued objectivity and independence.

6 Fees and Deliverables

Our proposed fees for the year ending 31 March 2023 are as follows:

	2023	2022
Audit fee - proposed	46,500	31,500
Over-run fee	-	10,000
Total	**46,500**	**41,500**

All fees are exclusive of VAT and out of pocket expenses. Payment of our fees must be made within 30 days of the fee note.

Increased audit fees

We want to be open and transparent about the level of work required to perform the audit and the resulting impact on our fees.

The firm is regulated by the Financial Reporting Council' ("FRC") and the Institute of Chartered Accountants in England & Wales ("ICAEW") and as a leading audit practice is one of five firms in the FRC's Tier 2 of their new framework (Tier 1 being the seven largest audit firms).

The time required to complete the audit, and accordingly our costs are expected to rise significantly this year due to the combined impacts of changes to new auditing standards, and inflationary pressures in the audit industry.

The sections below set out more details and our plans to minimise fee increases

Revised auditing standard - ISA 315 Identifying and Assessing the Risks of Material Misstatement

The newly revised auditing standard ISA 315 will be a particularly significant change for all auditors. The standard was adopted by the FRC with the intention of improving audit quality and meeting the "the challenges of an evolving business environment and the needs of users and protect the public interest".

The effects of the revised requirements will be far-reaching and will require all audit firms to revise their approach to the audit risk assessments and initial information gathering, particularly around internal and IT controls which determine the scope and scale of the detailed audit work that follows.

The extent of the impact of ISA 315 on the audits of different entities will likely reflect the scale and complexity of the audited entity, the risks it faces, and the scale and complexity of its control environment, including the extent of IT systems and controls in use.

In addition, to revised standards the FRC is pushing firms to adhere to best practice requirements and improving the quality (and often quantity) of evidence and documentation on audit files.

The changes are leading to increased hours on all audits and in particular our planned number of hours have increased by [ ]%. Due to the increasing complexity of the new requirements and regulatory standards a larger proportion of those hours are being performed by the supervisor/manager, partner and quality control reviewers (where required) with a consequential increase in costs. This impact is compounded by significant increases in audit staff wages as audit firms compete for talent and respond to inflationary pressures on the cost of living.

Revised auditing standard - ISA 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

The revisions to ISA 240 have been made by the FRC to improve audit quality and effectiveness and to clarify auditor's responsibilities in respect of the risk of fraud.

Audit teams will need to ensure that their fraud risk assessments are appropriate and sufficient, and that the objectives of the ISA are met and fully documented in line with the new requirements. These include reviewing and assessing more of the procedures used by management to minimise fraud risks and a requirement to assess whether the audit team needs more specialist skills to effectively complete the audit.

As explained in Section 3 above the new requirements focus on increasing the level of professional scepticism and challenge in audits. Audit teams will spend more time considering the risks of fraud and assessing the level of that risk and will need to assess the quality and sufficiency of their audit work and evidence obtained.

Our approach

We recognise that the characteristics of an efficient audit share many characteristics with a quality audit so have reviewed our audit approach to ensure that increased time costs are minimised. For example, we are increasing the extent that we use technology to further improve audit quality and automate some of the more mechanical elements of an audit.

We are also transitioning to Inflo Workpapers as our new audit software that has embed the new documentation and risk assessment requirements of the revised ISA 315 audit standard. This new software and other investments in technology such as in data analytics and file sharing software referred to above will help us to maintain an efficient audit process and are hoped to minimise the time cost increases due to regulatory and other pressures.

The timely supply of information and documentation to the audit team also improves the efficiency and quality of an audit. We therefore require that all requests are actioned promptly, and timetables are adhered to.

6 Fees and Deliverables (continued)

Delays to the provision of audit information mean that the work is completed by the senior members of the team, which results in higher costs and overrun fees. Any delays in providing information or responding to audit queries may also result in unavoidable delays to the completion of the audit, meaning that the deadlines set out in Appendix One will no longer be achievable.

We plan to liaise with management to ensure that they can provide the necessary new information and audit evidence on a timely manner in order to minimise as much as possible increases in audit time costs and fees.

Fees

Taking all the above into account the total costs budgeted for this audit are expected to be £37,800.

The table below reconciles our proposed fee for this audit with the prior year fee

	£
Prior year audit fee	**41,500**
Inflation Adjustment (capped due to prior year over-run)	3,150
Impact of new ISA 315 requirements	1,850
2022 audit fee	**46,500**

The proposed fee is on the basis that:

- Final figures, agreed audit deliverables (see audit deliverables list – to be provided to management via Inflo) and relevant, accurate, supporting schedules for all figures, a trial balance together with reconciled control accounts and all accounting records are available as set out in the detailed timetable (Appendix One);
- The consolidation is prepared by yourselves;
- The statutory financial statements are prepared by yourselves;
- Our ISA 315 Information questionnaires are completed and returned on time
- There are no unforeseen accounting or auditing issues of a complex nature, which involve significant input of time from senior members of the team; and
- All deadlines with us are met.

We have assumed that you will prepare a year-end file and schedules that will be complete and available for the start of our audit fieldwork.

As agreed, you are preparing the financial statements. Usually, we expect to review three draft versions of the financial statements; if we have to consider more draft versions, we will need to reconsider our costs and if necessary, issue additional fees to cover our costs.

We will charge additional fees if the scope of our work increases or if information is not supplied to us in accordance with the agreed timetable.

There are several factors that may increase the amount of work required, and hence our fees, including:

Additional/inefficient audit work

- Delays to the agreed timetable (i.e. providing figures, financial statements or audit evidence late);
- Auditing amendments to the figures and/or disclosures within financial statements;
- Complicated accounting matters not identified to us at the planning stage;
- Additional audit risks/issues which have not been disclosed to us at the planning stage;
- Additional audit work on going concern;
- Attendance requested at additional meetings.

Accounting services outside of scope

- Preparation of accounting adjustments and disclosures; and
- Preparation or amending disclosures in the Trustees'/Strategic report.

Billing schedule

We propose to bill the audit fee in the following amounts:

Stage	Date	£
Planning	March 2023	7,000
Execution	June 2023	32,500
Finalisation	September 2023	7,000

Payment of our fees must be made within 30 days of the fee note and payment of our interim fees must be made before we sign the audit report.

We reserve the right to withhold signing the audit report until all overdue fees are settled.

7 Audit quality and culture

Audit quality and culture

The culture, policies, and procedures adopted by the firm are designed to provide efficient, effective, high-quality audits while fostering a continual process of quality improvement.

The firm's strategy of improving audit quality has taken on greater importance given the government's plans published in May 2022 for '*Restoring trust in audit and corporate governance*'. Before those plans are enacted, the firm's regulators, the FRC and the ICAEW, will continue their drive to improve audit quality across the market, which combined with the government's plans make achieving improvements in audit quality a key priority for the firm.

Audit methodologies and procedures

The industry wide introduction of the significant new quality management standard (ISQM (UK) 1), with the emphasis on proactivity, will underpin our continued quality improvement. Our ISQM (UK) 1 implementation project is critical to address risk and quality across the whole firm, including both non-technology driven and technology-driven elements.

In anticipation of ISQM (UK) 1, we have increased the capacity of our technical, ethical, risk and training resources. This includes hiring key non-client facing staff members, including the Head of Audit Quality Transformation.

Our objectives include:

• Audit culture: embedding enhancements to audit quality consistently with a right-first-time culture, developing a framework to enable audit teams to use professional scepticism and challenge management

• Methodology and training: managing transition to the new audit system, revising and improving audit methodology, and delivering relevant and timely training

• Quality management and risk: the implementation of ISQM (UK) 1 compliant policies and building upon the monitoring, remediation, and root course analysis work already embedded within the firm

• Technical and ethics: enhancing our technical capabilities and resources to support our audit teams.

Our established audit methodologies provide structured work flows and promote discipline and compliance with International Standards on Auditing (ISAs) and other applicable regulations.

Within these common methodologies, our audit approach is then tailored to each client with each individual audit file specifically designed, planned, and tailored to reflect the nature and characteristics of our audit clients with the aim of maximising the efficiency and effectiveness of our audit work.

Partners and managers are involved at all stages of the audit and their expertise and knowledge, particularly of their specialist sectors and industries, is incorporated into our audits and included throughout the audit file

Resourcing

Appropriately resourcing our audits allows us to improve quality and realise efficiencies. Within our audit department we have a four-team structure, around our sector specialisms, which is driving up audit quality and efficiencies. These focused and specialised teams drive collaborative team behaviours, provide a nurturing environment for our juniors through to our senior managers to learn from one another to improve audit quality and help the overall team success.

Audit technology

Technology will play a significant role in driving quality and efficiency within our audits.

We are transitioning to Inflo Workpapers, our new innovative audit software for audits in 2023. The new software will drive greater audit quality through standardisation and automation, by increased use of data analytics, and more effective and regular manager and engagement leader review throughout the audit process. In turn we anticipate this will enhance client value by offering new insights and differentiating outputs.

It will also help us continue to work flexibly and remotely.

Timing of audit work

We have used Inflo Collaborate significantly in the past two years which has enabled us to improve the collaboration with our clients during this period of remote auditing and helped facilitate the earlier sharing of information to improve the timeliness and quality of our planning. The new audit system will incorporate project management tools and enhanced compliance functionality.

Continuous improvement

Our aim is to ensure that the firm's culture supports and nurtures continuous improvement in audit quality.

Further information about our commitment to audit quality together with our plans, policies and procedures to ensure and monitor audit quality can be found in our Transparency Report 2022 at
www.haysmacintyre.com/about/transparency-report

Appendix One: Detailed Timetable

Date	Event
13th – 17th February 2023	Interim Audit
27th February 2023	Planning meeting with management
3rd March 2023	Audit planning report delivered
TBC	NAO review of Haysmacintyre audit planning
5th June 2023	Audit deliverables provided to Haysmacintyre
12th – 23rd June 2023	Audit fieldwork
31st July	NAO review of Haysmacintyre audit fieldwork
TBC	NAO completion of rem report testing
6th July 2023	Completion meeting with management
13th September 2023	Audit Committee meeting
21st September	Financial statements to be signed / Council meeting

Haysmacintyre LLP

10 Queen Street Place
Londo
n EC4R
1AG
T 020 7969 5500 F 020 7969
5600
www.haysmacintyre.com
@haysmacintyre