

The background of the entire page is a photograph of two ambulance staff members, a woman on the left and a man on the right, both wearing green uniforms. They are standing in front of the open rear of a yellow and red ambulance. The woman is wearing glasses and has her hands in her pockets. The man is holding a green bag. The ambulance has 'AMBULANCE' written on the side. The scene is set outdoors under a clear blue sky.

HEALTH AND CARE PROFESSIONS COUNCIL (HCPC)

INTERNAL AUDIT THREE YEAR STRATEGY 2023-26, ANNUAL PLAN 2024-25 AND CHARTER

FOR ARAC APPROVAL (POST ELT REVIEW)

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INTRODUCTION

Introduction

The purpose of this paper is to set out, and seek agreement from, HCPC's Audit and Risk Assurance committee (ARAC) on the internal audit three-year strategy and annual plan. An annual plan for 2024/25 has been included as well as an updated draft audit strategy for 2022/23 to 2024/25. We are in year 3 of the three-year strategy. This strategy and the annual plans are reviewed annually and updated as required. We accommodate flexibility in our approach and risk assessments and therefore can, and expect to, adapt our plan throughout the period with approval of the ARAC.

Our role as internal auditors is to provide an independent, objective assurance and advisory activity designed to add value and improve an organisation's operations.

Our approach is to support HCPC to improve the robustness of its control environment which will allow them to more efficiently and effectively protect the public by regulating 15 health and care professions in the UK. Our approach complies with internal audit professional practice, in particular, the principles set out in the Institute of Internal Auditor's (IIA's) and the International Professional Practices Framework (IPPF).

Internal Audit at HCPC

The Public Sector Internal Audit Standards (PSIAS) and International Internal Audit Standards require the Head of Internal Audit to provide an internal audit strategy and supporting annual internal audit plan. The main requirement in addition to the international standards is that with PSIAS, the Head of Internal Audit is required to give an annual opinion on the organisation's governance, risk management and internal controls. We propose to continue to follow PSIAS because of the wider public interest in HCPC and being consistent with many other healthcare profession regulators.

Our audit strategy underpins our audit plan each year and provides the Chief Executive, ARAC and Council with objective assurance of, and opinions on, the effectiveness of the HCPC's risk management, control, and governance arrangements. Internal audit also supports line managers by advising them on the risk management, control, and governance arrangements for which they are responsible. Such advice to line managers adds further value and helps to achieve the HCPC's objectives.

The strategy provides for a systematic and prioritised review of the HCPC's policies, procedures, and operations to inform the Head of Internal Audit's annual opinion and to add value for management. By prioritising audit resource in this way HCPC can be assured that the benefits from its investment in internal audit are maximised and that the focus is on higher risk areas.

Purpose of the internal audit strategy

The audit strategy outlines how the Head of Internal Audit will manage internal audit arrangements to enable:

- the provision of an overall annual opinion on risk, control and governance to the Chief Executive, ARAC and Council
- improvement of HCPC's risk management, control and governance processes through internal audit work and advice to line managers
- 'support functions' such as finance, human resources and IT;
- identification of the required level of audit resource, number and skills, required to deliver the plan and meet the internal auditing standards;
- effective co-operation with external auditors; and
- the provision of other assurance and consultancy services by internal audit.

INTERNAL AUDIT APPROACH

Background

Our risk-based approach to internal audit uses HCPC's own risk management processes, risk register, and the business assurance framework that BDO developed as a starting point for audit planning, as this represents HCPC's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of HCPC's own arrangements for managing risk. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects HCPC's current risk profile.

Methodology and risk factors

The strategy has been developed with reference to the following information:

- HCPC's governance, strategic objectives and business plan;
- the risk register;
- its risk appetite;
- our developed business assurance framework;
- our assessment of risks;
- our knowledge of the business;
- change projects;
- planned work coverage of HCPC's Quality Assurance team; and
- discussion with senior members of the executive.

Using the above, we developed our 2024/25 annual plan (April 2024 to March 2025), which focuses on HCPC's significant risks and areas of development.

In making our judgment, we have also drawn on our experience of working with other regulators in the sector.

Key principles for the strategy for the three years 2023/24 to 2025/26

Our strategy has been to shift towards increased assurance work during the three years (2022/23 to 2024/25), as HCPC continues to improve the robustness of its internal control framework. However, because the future is not yet clear, we have specified some reserve or alternative topics for 2024/25 (page 9).

Our focus remains on providing both a breadth and depth of coverage. We have divided our audit 'universe' into three broad categories - front line activities core to the business such as fitness to practise and registrations, management support processes such as business planning and project management, and 'back office' support functions, such as finance, HR, and ICT. We will continue with this approach, but carry the same themes over the three years, to enable more in-depth reviews of topics in a given year.

Our strategy continues with the a 'value in - value out' approach to budgeting. This means consideration of the value and impact of the resource engaged rather than the budget expressed in terms of the number of days employed. Thus, the more strategic and technical specialist work receives a higher value and greater specialist and senior auditor input compared to standard assignments. Nonetheless, we will provide a comprehensive and balanced programme of assurance work which is commensurate to the overall input in days, number of audits and cost budget as previous years.

Resource requirements

The strategy and annual plan have been drafted considering HCPC's budget for internal audit. The audit days indicated in an internal plan should be those considered necessary to provide reasonable assurance to the Chief Executive, ARAC and Council on the effectiveness of HCPC's governance, risk and control processes and provide sufficient work to form the annual internal audit opinion on the matters under review.

The cost for delivery for 2024/25 is £44,934 excl. VAT, which translates into 50.5 days.

INTERNAL AUDIT APPROACH

Staffing

The core team that will be managing the programme is shown below:

Name	Grade	E-mail
Sarah Hillary	Relationship Partner	Sarah.Hillary@bdo.co.uk
Bill Mitchell	Head of Internal Audit	Bill.Mitchell@bdo.co.uk
Dan Bonner	Senior Manager	Dan.Bonner@bdo.co.uk
Heather Buckingham	Manager	Heather.Buckingham@bdo.co.uk

BDO LLP UK has a core group of professionally qualified staff, including IIA qualified staff, and experienced auditors. Our team is fully attuned with modern internal audit practice and recognised risk and governance standards.

Management's responsibility

All relevant areas of activity will be included in the internal audit strategy and internal audit plan. However, it should be noted that:

- the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, within a robust financial management framework;
- it is management's responsibility to determine the extent of internal control in an organisation's systems. They should not depend on Internal Audit as a substitute for effective controls; and
- whilst audit work is planned so that there is a reasonable expectation of detecting significant weaknesses, internal audit procedures alone do not guarantee that fraud will be detected.

Reporting to the Audit and Risk Assurance Committee (ARAC)

Each year we will submit the Internal Audit Plan for discussion and approval by ARAC. We will liaise with the executive team and other senior officers, as appropriate, to ensure that internal audit reports, summarising the results of our visits, are presented to the appropriate Committee meeting.

Internal Audit Charter

We have formally defined Internal Audit's purpose, authority and responsibility in an

Internal Audit Charter, which can be found on page 11 - Appendix I. The Charter establishes Internal Audit's position within the Charity and defines the scope of its activities. The Charter has not changed since it was reviewed and approved in the November 2023 ARAC.

External Audit

To ensure that HCPC can maximise its overall investment in audit, we have established practical processes to ensure effective co-operation with external auditors. We expect to speak with your external auditors as needed throughout the year and we will share our plans and reports with them in an effort to enhance knowledge of risk management and corporate governance within HCPC.

Definitions

We define in Appendix II our approach for grading individual audit findings and overall audit reports. These definitions have been designed to make the ratings clear to both the Internal Audit team and audit stakeholders.

Variations to the Plan

We acknowledge that variations to the plan may arise from our reviews, changes to the HCPC's risk profile or due to management requests. Approval will be sought from the ARAC before any changes to the plan are made.

Reporting

We will plan our work to ensure that HCPC receives an effective internal audit service throughout the year. We report at each ARAC meeting, providing periodic reports on completed work.

As in previous years, detailed reports will be provided to management on completion of each audit assignment. The first draft report will be discussed with the relevant line managers to agree the factual accuracy of the findings and the practicality of recommendations agreed.

The final report will be issued following receipt of management comments. Our aim is to produce reports agreed by management and directors prior to submission to and endorsement by ARAC.

The Head of Internal Audit will issue regular update reports and an annual report to the ARAC on the coverage of Internal Audit work and give an audit opinion on the risk management, control, and governance arrangements.

INTERNAL AUDIT APPROACH

However, the type of output from our work will differ depending on the type of work we undertake:

- full audit reports for the more major and ‘conventional’ audit assignments;
- ad hoc assignments, feedback on project progress or issues as a project unfolds

Quality Control

BDO UK Digital & Risk Advisory Services (DRAS) Department follows all recognised quality standards for internal auditing. Our audit procedures are designed to ensure the service we deliver is of the highest standard and complies with the IIA’s International Standards for the Professional Practice of Internal Audit. Details of our quality control procedures are given in Appendix V.

Individual Audits

In determining the timing of our individual audits, we will seek to agree a date most convenient to HCPC which ensures the availability of key stakeholders.

For each audit, we will identify the key objectives of the area subject to audit and the risks of those objectives not being met. We will assess the ‘unmitigated’ risk (i.e. before the operation of the controls in place) and, having identified and tested those controls, make an assessment of the ‘mitigated’ risk. This will enable us to confirm that the control infrastructure reduces risk to a level HCPC is comfortable with. Each of our audit reports will include an overall assurance rating, refer to Appendix II for details.

Our Approach

Our methodology is risk based and comprises of planning internal audit engagements with the Executive team as audit sponsors and lead managers. We will spend initial time with key teams in order to understand the processes or activities under review which will enable us to draw up terms of reference and scope which will be agreed with you.

Our audits may be thematic (cross cutting) or focused on specific business activities. We aim to conduct deep-dive audits so that we can understand the substantive root causes of issues arising. Coverage within our audits will include governance and risk management processes at framework and operational level, including quality of management information for decision making and clear links to the risk appetite framework (as relevant), within each engagement. This may mean fewer audits in the year; however, our risk based approach will always take into account key priorities and areas of risk to the organisation.

INTERNAL AUDIT PLAN 2024/25

Assignment	Assignment area	(Proposed) Outline scope	Strategic Risk Register Link	Reasons for inclusion	Proposed delivery date	Budgeted fee (£)
Education - new approach <i>Assurance</i>	Education	We will review the revised approach to managing education overall and whether changes are embedded. We will consider whether staff are clear on their roles and responsibilities, whether there has been an improvement in timeliness on undertaking actions, and how HCPC ensures compliance with the PSA standards namely Standards 8 & 9.	1, 2	There has been a newly implemented revised approach to Education at HCPC. This review will help to identify if there is clarity on the new approach, and whether the new approach is being applied and effective. The changes are sufficiently progressed to warrant an independent review by internal audit of the embedding of the changes.	Q1	6,000
Key performance Indicators (KPIs) <i>Assurance</i>	KPIs & Insights	We will review the latest key (10 or so) CEO KPIs and assess whether these are aligned and support the achievement of the corporate strategy. We will review the process in place for their compilation, methods for monitoring progress and how performance outcomes are responded to. Comparisons with other regulators will also be considered.	2, 3	HCPC are developing a new strategy which will be effective from 2025, this audit will support identifying if there are any gaps in the key KPIs in reference to corporate objectives or deficiencies in the way they are compiled.	Q1	5,734
Stakeholder engagement <i>Assurance</i>	Media	We will consider the current arrangements for stakeholder engagement and whether this is conducive to building effective relationships that disseminate consistent and proportionate communications and engagement with stakeholders. The work of the professional liaison team would be included.	3, 4, 6	A new Head of Communications is due to begin in March 2024, and this will be a good opportunity to identify any gaps in how stakeholders are managed to make subsequent improvements.	Q2	6,000
Environmental sustainability <i>Assurance</i>	ESG	We will review the Environmental strategy in place and assess whether the strategy is realistic, aligns to good practice and supports overall business objectives. This will include an evaluation of the likely implications of including registrants in future assessments of environmental sustainability.	5	An environmental strategy has been developed. This is an opportunity to assess completeness of the approach. We will use our environmental subject expert for insight. Excludes partners.	Q2 TBC	6,400
Data Privacy <i>Assurance</i>	Data	We will assess how HCPC assures itself that it is compliant with UK GDPR and that any exemptions are well communicated and understood by staff.	3	HCPC are exempt from some DPA 2018 guidelines but not all, it is therefore important that staff are clear on what they can and should not do. An audit has not been undertaken in this area previously. We will use our data privacy experts for insight.	Q3	6,400
Health & Safety <i>Assurance</i>	Health & Safety	We will assess the process in place for ensuring that HCPC colleagues have a safe environment to work in both in the office, hearings and at home	3	With an increasing number of colleagues working from home it is imperative that they have the tools to work safely. As the office is used less, it is important that maintenance of the office is still maintained to ensure colleagues safety when working on-site. This includes hearings.	Q2/3	6,400

INTERNAL AUDIT PLAN 2024/25

Audit	Audit area	(Proposed) Outline scope	Strategic Risk Register Link	Reasons for inclusion	Proposed delivery date	Budgeted fee (£)
Follow-up	Overarching	We will undertake an annual follow up of recommendations covering high and medium priority findings.	1-6	A review of whether recommendations have been implemented helps to identify whether the controls in place are operating effectively.	Q4	2000
Annual strategy & plan,						1000
Annual report & opinion						1000
Ongoing Management						4000
Total cost						44,934

RESERVE LIST 2024/25

Audit	Strategic Risk Register Link	Reasons for inclusion
Starters and Leavers Assurance	5	We will assess the process in place for approving and onboarding new joiners as well as the process when staff leave HCPC. This will not include reference to the People strategy, nor will it consider any payroll elements and payment dates. This audit will focus on HCPC staff only. On the reserve list because being covered by second line assurance.
Governance and Culture Advisory	4	A strong organisational and ethical culture allows an organisation to succeed and remain sustainable. This review will be set a high level and evaluate the culture of the Council and the boundaries and lines between the Executive Team and non-executive directors. This review will look at organisational and ethical culture in place at HCPC and the Behaviour Framework. A benchmarking exercise will be performed to assess HCPC's culture against good practice.
Outreach	4	The professional liaison service is a new investment for HCPC. It is part of the objective to broaden intelligence about the professions and provide professions with an update on developments from HCPC.

INTERNAL AUDIT UNIVERSE STRATEGY 2022/23 - 2024/25: SUMMARY

The table below outlines our proposed three-year Internal Audit Strategy for 2022/23 - 2024/25 mapped to your high-level audit universe.

	Audit area	Strategic Risk Register Link	2022/23	2023/24	2024/25
Main Delivery	Registration	1	-	International Registrants, Partners	-
	Fitness to Practise	1, 2	Fitness to Practise	-	-
	Education	1, 2	-	-	Education
	Policy and Standards	3, 4, 6	-	Regulatory Policy Development	-
Enabling	Governance and Culture	5	-	People Strategy	-
	Risk Management	1-6	Business Assurance Framework	-	-
	Media Handling & Communications	3,4,6	-	-	Stakeholder Engagement
	Strategy & Planning	1-6	-	-	-
	Performance Management	2,3	-	-	Key Performance Indicators
	Project Management	1-6	-	Project Management	-
Core processes	Key Financial Controls (inc. Procurement)	5	Financial Controls, Registrant Forecasting	Procurement of Large Contracts	-
	Data Privacy	3	-	-	Data Privacy
	Payroll, IR 35	3	-	Payroll IR35	-
	Health and Safety	3	-	-	Health & Safety
	HR	5	-	-	-
	Safeguarding & Diversity	5	Diversity	-	-
	Environmental	5	-	-	Environmental
	IT, including Cyber, BCP, DR	5	Cyber Security	-	-

APPENDIX I: INTERNAL AUDIT CHARTER

Health and Care Professions Council (HCPC)

Purpose of this Charter

This Charter formally defines internal audit's purpose, authority and responsibility in line with the IIA's:

Attribute Standard 1000,

Performance Standard 2060, and

Implementation Standards 1000.A1 & C1.

This Charter establishes internal audit's position within HCPC and defines the scope and limitations of internal audit activities and its relationship with the Audit and Risk Assurance Committee (ARAC) and Senior Management.

Standards for the Professional Practice of Internal Auditing

The internal audit function undertakes its work in line with the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as set out by the Global IIA.

Internal audit's purpose

Internal audit provides independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the ARAC with the information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports the organisation's management to fulfil its own risk, control and compliance responsibilities.

Internal audit's authority

Internal audit staff are authorised to:

- ▶ Have full, free and unfettered access to all of the organisation's records, property, and personnel relevant to the performance of engagements; **whilst being accountable for the confidentiality and safeguarding of such records and information.**
- ▶ Obtain assistance from the necessary organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

The Head of Internal Audit will have unrestricted access to the ARAC and retain the right to meet in camera with the ARAC, without management present.

Internal audit has no authority or management responsibility for any of its engagement subjects.

Internal audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

Internal audit's responsibility

The Head of Internal Audit is responsible for all aspects of internal audit activity, including strategy, planning, performance, and reporting.

Internal audit will:

Strategy

- ▶ Develop and maintain an Internal Audit Strategy
- ▶ Review the Internal Audit Strategy at least annually with management and ARAC.

INTERNAL AUDIT CHARTER

Health and Care Professions Council (HCPC)

Planning

- ▶ Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- ▶ Engage with management and consider the organisation's strategic and operational objectives and related risks in the development of the Internal Audit Plan
- ▶ Review the Internal Audit Plan periodically with management and adjust the plan as necessary to respond to any changes in business risks, operations, systems and controls
- ▶ Present the Internal Audit Plan, including updates, to ARAC for periodic review and approval
- ▶ Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- ▶ Submit the internal audit budget to the ARAC for review and approval annually
- ▶ Coordinate with and provide oversight of other control and monitoring functions, including risk management, compliance and ethics, and external audit
- ▶ Consider the scope of the work of other assurance providers for the purpose of providing optimal audit coverage to the organisation.

Performance

- ▶ Implement the Internal Audit Plan
- ▶ Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- ▶ Allocate and manage resources to accomplish internal audit engagement objectives

- ▶ Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- ▶ Monitor delivery of the Internal Audit Plan against the budget
- ▶ Ensure the ongoing effectiveness of internal audit activities
- ▶ Ensure the principles of integrity, objectivity, confidentiality and competency are upheld.

Reporting

- ▶ Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken
- ▶ Provide periodic reports to management and the ARAC summarising internal audit activities and the results of internal audit engagements
- ▶ Provide periodic reports to management and the ARAC on the status of management actions taken in response to internal audit engagements
- ▶ Report annually to the ARAC and management on internal audit performance against the goals and objectives set out in the internal audit plan and any agreed key performance indicators
- ▶ Report as needed to the ARAC on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan
- ▶ Inform the ARAC of emerging trends and issues that could impact the organisation.

INTERNAL AUDIT CHARTER

Health and Care Professions Council (HCPC)

Independence and internal audit's position within the organisation

To provide for internal audit's independence, its personnel and any contractors will report to internal audit function, who reports to the ARAC. The Head of Internal Audit has free and full access to the Chair of the ARAC.

Internal audit reports administratively to the CEO, or their delegate the Head of Quality Assurance who provides day-to-day oversight.

The appointment or removal of internal audit will be performed in accordance with established procedures and subject to the approval of the Chair of the ARAC.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises and judgement on audit matters is not subjugated to others.

If the independence or objectivity of the internal audit service is impaired, details of the impairment will be disclosed to either the CEO or the Chair of ARAC, dependent upon the nature of the impairment.

The internal audit service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the internal audit service; or direct the activities of any the organisation employee not employed by the internal auditing service, except to the extent such employees have been appropriately assigned to service or to otherwise assist the internal auditor.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by the organisation. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, internal audit will maintain objectivity and not assume management responsibility.

Quality Assurance Improvement Programme (QAIP)

The internal audit function will maintain a QAIP. The programme will include an evaluation of the internal audit activity's conformance with The Standards and an evaluation of whether the internal auditors apply The IIA's Code of Ethics. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Periodic reporting on compliance against Professional Standards





Internal audit will periodically report to the ARAC to:




- ▶ Confirm the independence of the function on at least an annual basis.
- ▶ Report annually on conformance with The IIA's Code of Ethics and the Standards.
- ▶ Confirm the maintenance of a QAIP, and
- ▶ Report on the results of internal assessments and the results of the external quality assessments (undertaken at least once every 5 years by a qualified, independent assessment team).

Approval and validity of this Charter

This Charter shall be reviewed and approved annually by management and by the ARAC on behalf of the Council of the organisation.

APPENDIX II: DEFINITIONS

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.

APPENDIX III: INTERNAL AUDIT APPROACH AND METHODOLOGY

Approach for audit assignments		
Planning	<ul style="list-style-type: none"> • Identify key business risks for each audit area. • Define and agree the scope of the work for each review through terms of reference. • Agree timings with your staff. • Ensure our staff are briefed on specific issues to be addressed. 	Terms of reference
Audit fieldwork	<ul style="list-style-type: none"> • Identify controls in place to mitigate risks. • Evaluate the effectiveness of identified actions and controls through audit testing. • Liaise with management to monitor progress and deal with any matters arising. 	Initial feedback to ARC
Conclusion	<ul style="list-style-type: none"> • Detail audit findings and make practical recommendations on how improvements should be made. • Discuss draft findings and recommendations with relevant managers. • Agree timetable for implementation of actions and determine managers responsible. 	
Reporting	<ul style="list-style-type: none"> • Report setting out: (i) summary of scope, key findings and conclusions; (ii) a rating on the overall control environment. • Issues identified during the audit, rated according to an assessed impact on the, along with an identified business action plan, owner and due date. • References to good practice will be made. Recommendations will be pragmatic, cost-effective and appropriate to the risk of the issue being addressed. • Our aim is to produce a report and make recommendations that have a measurable impact 	Internal audit report
<p>Follow up work Provisions will be included in our audit plan for follow-up work to be undertaken to ensure recommendations have been implemented as intended and the associated risk has been addressed.</p>		
<p>Interaction with external auditors We will meet periodically with your external auditor, so that we can develop an early understanding of each other’s approach, share findings and areas of focus and emerging themes, thereby avoiding the duplication of work and maximising the benefit from the combined audit resource.</p>		

PREVIOUS REVIEWS - 2015/16 - 2023/24

2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Registration assurance processes and international registrants	Fitness to Practise	Education	Registration end to end	Fitness to practise - end to end process	186 KPR building project	Continuing professional development	Payroll	Whistleblowing
Partners	Business Assurance Framework	Registrations payment processes	Fitness to Practise - follow-up	Transfer of social workers to new body	Fees review (commissioned outside audit plan)	Cyber security	Property management	5-year plan model
Reg Policy development	Business change governance	Risk Management Framework	Intelligence Gathering	Quality Assurance Function	Follow up of recommendation implementation	Follow up of recommendation implementation	Employee recruitment and retention	Public consultations
People strategy	Registrant forecasting	Key Financial Controls - Bank and Cash	Reshaping the Organisation	Assurance framework & mapping	FTP improvement plan	Budgeting forecasting and key financial controls	follow up on 5-year plan model audit	Review of the registration project (design phase)
Project management	Diversity	Safeguarding	PSA & Internal Reporting	Procurement	SW transfer project governance		Partner recruitment	Core financial controls
Procurement of large contracts	Cyber / IT BCP		Payroll	Business continuity planning	Registration project phase 1		Registration appeals	
IR35 and Payroll	Key Financial Controls		Financial Modelling	Fraud Risk Assessment	Strategic and operational planning		Non-case preparation and presentation legal services cost management	

APPENDIX V: QUALITY CONTROL PROCEDURES

Quality assurance processes and procedures

Procedures	Our audit procedures were designed to ensure the service we deliver is of the highest standard and complies with the Public Sector Internal Audit Standards (PSIAS). We utilise specially designed internal audit software Pentana to conduct our work and all reports are subject to review by a manager or senior manager (stage 1) and director or partner (stage 2). All reports are also checked for proofing errors at the draft and final report stage.
Knowledge Library	Our audit testing programmes and good practices we find are imported into our Knowledge Library. The Knowledge Library is part of our Pentana audit workflow system and enables auditors to see examples of best practice across our client base. This enhances the quality of our audit work - understanding the features of best practice in the areas under audit and also auditing techniques applied. It also includes some standardised reporting templates.
Professional training, CPD and development	Staff are suitably professionally qualified or working towards a relevant qualification. There is a full programme of continuing professional development and training provided by BDO LLP and to specific members of BDO LLP relating to internal audit, risk management and governance.
Quality assurance improvement programme (QAIP)	BDO LLP has an internal audit Quality Assurance Improvement Programme (QAIP). Such a programme is a requirement of PSIAS and international internal auditing standards. It ensures that any issues identified by the quality processes are assigned actions and resolution is monitored. Specific improvements required are directed to the relevant person - generic changes to processes are recorded and tracked using the firm's internal audit cluster group.
Customer satisfaction survey - individual assignments	We will be introducing online satisfaction surveys once an audit is completed. These can be issued in batches, so audit leads only receive one survey or per audit.
BDO client care programme	A firm-wide satisfaction survey which benchmarks our service against the firm and the industry, conducted by an independent external company on behalf of BDO.
Hot review	Peer review of a selection of audits to ensure each client receives the same high standards of audit work.
Cold review	The BDO LLP Digital Risk & Assurance Services Department conducts an internal 'cold review' of its internal audit working practises, reports, and files annually. The review is conducted annually and was last conducted in 2021/22. The findings feed into the QAIP.
External review	A full External Quality Assessment over BDO was conducted in 2021/22. We received the highest award level - "Generally Conforms".

APPENDIX VI: INTERVIEWEES

Officer	Job title
Anna Raftery	Head of Quality Assurance
Ewan Shears	Compliance Officer
Executive	

FOR MORE INFORMATION:

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