

Health and Care Professions Council

Follow Up

Internal Audit Report - Final
May 2025

Level Of Assurance:

Design	Moderate
Effectiveness	Moderate

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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.

Distribution List

For Action	Anna Raftery, Head of Quality Assurance
For Information	ARAC

Report Status

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Reviewed By:	H. Buckingham - Manager, B. Mitchell - HIA
Dates Work Performed:	February 2025 and March 2025
Draft Report Issued:	04 April 2025
Management Responses Received:	April to 09 May 2025
Final Report Issued:	14 May 2025



Executive Summary

Overview

Background

This audit was completed in accordance with the approved annual Internal Audit plan for 2024/25. The implementation of internal audit recommendations is an important part of an organisation's internal control framework. This review is a follow-up of BDO's internal audit recommendations and agreed actions due to be implemented on or before 31 December 2024 and those that management have attested to completing. A total of two high priority, and five medium priority recommendations across five internal audit reports were reviewed. Evidence was requested to determine implementation.

Acknowledgement

We appreciate the assistance provided by the staff involved in the review and would like to thank them for their help and ongoing cooperation.

Methodology

The Internal audit reports from which the recommendations being followed-up on are drawn are:

- Diversity (22/23)
- Key Financial Controls (22/23)
- Registrant Forecasting (22/23)
- Partners (23/24)
- Procurement of Large Contracts (23/24)

Audit Area	Total high	Total medium	Total low 3	Total included in review
Diversity (22/23)	-	1	-	1
Key Financial Controls (22/23)	2	-	-	2
Registrant Forecasting (22/23)	-	1	-	1
Partners (23/24)	-	2	-	2
Procurement of Large Contracts (23/24)	-	1	-	1
TOTAL	2	5	-	7



Executive Summary

Overview

Results

Of the seven recommendations tested during this review, three recommendations were fully implemented, representing 43% of the recommendations tested. The four remaining recommendations were in progress. Of which two were High priority and two were of a Medium priority.





For the two KFC High recommendations that were identified as 'in progress' this was due changes still to be completed as a result of Business Central, which was implemented in April 2024. The recommendations included consolidating and updating policies and procedures and including a workflow within Business Central.

For the one Medium 'in progress' recommendation in relation to the Diversity audit, this related to the staff who had not completed their diversity training. Reasons behind training not being completed was not consistently documented.

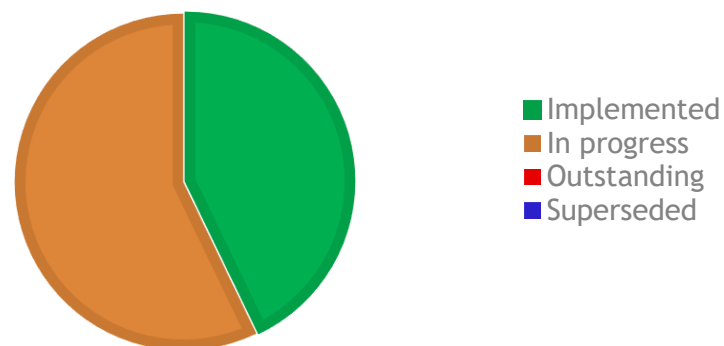
For the one Medium 'in progress' recommendation for the Partners audit, work is still underway to automate the partner payroll process. The automation of the process will be considered as part of phase 2 of the project in the period October 2025 - April 2026.

Basis for opinion

As a result of the audit testing, we are able to provide Moderate assurance over the design and effectiveness of the controls that have been put in place to address control weaknesses identified by internal audit.


Audit	BDO Status as at December 2024 (definitions included within Appendix III to the report)				Total
					
	Implemented	In progress	Outstanding	Superseded	
Diversity (22/23)	-	1	-	-	1
Key Financial Controls - KFC (22/23)	-	2	-	-	2
Registrant Forecasting (22/23)	1	-	-	-	1
Partners (23/24)	1	1	-	-	2
Procurement of Large Contracts (23/24)	1	-	-	-	1
TOTAL	3	4	-	-	7

Implementation rates






Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
1	Diversity	We recommend that - a) staff members with training outstanding are encouraged to complete their required training as soon as possible. b) A fixed schedule is set for reporting on training completion rates to the HoDs and the ELT. c) Disciplinary procedures should be formally implemented for any staff members who do not complete staff training in the required time frame. d) a formal sanction process is implemented if a partner does not attend their induction and complete outstanding ED&I training.	1. The outstanding 4 have been reminded and completed their training 2. We have scheduled quarterly checks to monitor completion and will proactive chase those outstanding 3. We do not think disciplinary processes for staff who miss training is an appropriate response 4. Partners team are satisfied that our approach covers this recommendation. If a partner does not complete their induction training, which includes EDI training, we will not provide them with a signed contract which means they cannot start their role	Medium	30/06/2024	<p>A document was provided stating that 17 staff from a total of 336 had not completed EDI training by the required deadline.</p> <p>Some instances included staff returning from maternity leave and staff on career breaks. However, there were several instances where it was not clear why training had not been completed, nor the action being taken to complete the training.</p> <p>Whilst it may not be possible to have all staff 100% up to date at any one time, reasons should be identified for those staff who are at work but have not completed the training.</p> <p>We were informed that quarterly reviews of training completeness are undertaken, which include first and secondary checks. The L&D team proactively engage with people who have not completed training, and their line managers are also made aware that training should be completed.</p> <p>Not implemented - revised due date 30 June 2025.</p>	




Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
2	Key Financial Controls	<p>We recommend that HCPC:</p> <p>a) Review the composition of the 116 policies and procedures and consider whether any can be combined (e.g. P2P process)</p> <p>b) Update the Adding New Users to WAP Policy, ensuring it details how changes to individuals' access and approval thresholds are made</p> <p>c) Create a central finance manual and policy tracker. The policy tracker should detail the date of last update (which should align to the date on the document) and detail a responsible individual for ensuring the accuracy and completeness of the policy/procedure. The tracker should detail areas covered within policies and procedures.</p> <p>d) Update the Finance Induction Slides to align to the above changes as well as changes from SAGE to Business Central (BC).</p>	<p>Points a) & c) The focus for HCPC up until July 23, will be on the new BC implementation. This system change will impact a number of the procedures & so represents a good opportunity to review the policies and procedures and determine the best way to monitor & maintain them, which will include drawing all of these documents together in a tracker. Consideration will be given to also creating a finance manual to pull all of the finance policies & procedures together to provide a holistic view.</p> <p>Point b) The WAP policy will be updated accordingly.</p> <p>Point c) The induction slides will be updated post the completion of the BC implementation.</p>	High	31/12/2023	<p>Business Central was implemented 12th April 2024. The WAP aspect of the system is no longer relevant however HCPC will need to ensure that there are clear guidelines on how changes to individuals' access and approval thresholds are made in Business Central.</p> <p>HCPC are still working to fully, review, update and consolidate HCPC's finance policies. Some policies, such as the Credit Card, Investment, Financial Regulations and Expenses policies have been updated and approved by Council; Work is currently underway on updating the Financial Strategy. The team will continue to update the remaining policies and processes and aim to collate them in one Finance Manual once the Financial Strategy is approved.</p> <p>In progress - revised due date: 31 December 2025.</p>	




Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
3	Key Financial Controls	HCPC should investigate adding approvals within the finance system (for both SAGE and BC) for each addition or change to bank details, with a change of bank details being put on hold without the approval of the second individual. If it is not possible to require approval within the system, HCPC should look to add electronic signatures to the sign-off of each weeks' audit log, so that individuals checking these additions or changes can be held accountable for any errors not identified.	Currently HCPC does not have the functionality on Sage to require such approvals on Sage. Given it is being replaced by BC, reconfiguring Sage doesn't represent a cost-effective solution. This risk is significantly mitigated by segregation of duties & the introduction of regular sign off of the Sage audit log (of system changes) by the Head of Financial Control. It is planned for BC to be implemented using the workflow model, which would require bank account amendments to be processed by the System Accountant (once he has received appropriate documentation to make this amendment) with the changes only being made once the relevant approver has received the BC amendment request & approved the amendment on the BC system.	High	31/08/2023	HCPC are working with a Business Central (BC) consultant to develop a workflow model within the system. It is anticipated that the workflow model once implemented would require bank account amendments to be processed by the Operations team once the relevant approver has received the BC amendment request & approved the amendment on the BC system. The consultant is currently supporting on a number of projects and once the essential projects are complete, the workflow model will be implemented. In the interim, a workaround is in place via a segregation of duties & the regular sign off of the BC audit log (of system changes) by the Financial Controller. In progress - revised due date 30 September 2025.	




Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
4	Registrant Forecasting	<p>a) Investigate whether it is possible to do an automated upload from the spreadsheet into the Financial model. If this is not possible, consider whether the model can be adapted to include what is required for the Financial model with less manual intervention.</p> <p>A secondary check should be undertaken for all data extracted from the model that is incorporated into the Financial model to verify accuracy.</p> <p>b) Consider if it is possible to incorporate and thus easily identify from the model the number of registrants on discounted registrant fees and those on full registrant fees to support the Finance team further.</p>	<p>This is happening already, to a certain extent, whereby registrant numbers are extracted from the CRM system to inform our financial figures. Further work will need to be carried out to incorporate this seamlessly as part of the overall process.</p>	Medium	30/09/2024	<p>Automation of the model is not possible due to a lack of system integration between Business Central and the CRM. Further changes were investigated but they were deemed too complex and not cost effective.</p> <p>We were informed that there have been significant improvements to applicant and registrant forecasting via the development of a new Financial Model, which has improved the accuracy of the figures.</p> <p>Reasons for improvement included the Model being better tailored to the forecasting cycle, and improvements to the existing budget finance model.</p> <p>Implemented</p>	




Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
5	Partners	<p>HCPC should:</p> <p>a) Review the process for calculating cancellation payments within the FTP directorate, and the methods of calculation. Consider whether the process can be redefined and updated to be more efficient.</p> <p>b) Ensure where practicable, all requests for payment which are derived from data in the Nexus system, include supporting documentation. Finance should then verify the payment charge is valid and has not been previously paid.</p> <p>c) On a regular basis, assess whether upgrades can be made to its business systems to allow an automated transfer of payment data from the CRM system to the WAP system, which would remove the need for manual Excel spreadsheets as a delivery mechanism.</p>	<p>We accept the findings and add that further analysis will be completed by the end of the month.</p>	Medium	01/04/2024	<p>An email was disseminated by the Financial Controller for managing FTP partner payments to officers including those in the Finance and Partners team. The email detailed step by step guidance on cancelling payments, evidence required when hearings end early, duplicate payments and further checks to be completed.</p> <p>We saw evidence that the FTP team attach a copy of the cancellation email as evidence of a cancellation. The email is subsequently checked by the Finance team to ensure the cancellation payment is per the Cancellation policy which depends on when the cancellation email was sent.</p> <p>A new payroll system - due to go live on 1 October 2025, is being implemented for partners. During the second phase of the project (October 2025 - April 2026), IT will be looking at further automation of payroll with a potential to move from data upload to assignments reports (= timesheets).</p> <p>In progress - Revised due date b) 30 June 2025. c) 01 April 2026</p>	




Appendix I - Recommendations Summary

Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
6	Partners	<p>a) Review the process for CPD Assessments to include more specific detail on the expected time and review work to be carried out. This should specify how long assessments are expected to take, and if considered necessary, include a specific requirement to assess the CPD record and verify that a sample of courses provided a satisfactory level of training. For example, assessors could be required to score courses or other training activity with a determined amount of CPD units to indicate their effectiveness and then confirm whether a minimum number of CPD units have been accumulated by the partner during the two-year review period.</p> <p>b) Consider re-introducing a maximum number of assessments that an assessor can undertake in a specified period.</p> <p>c) Undertake periodic spot checks on CPD assessments to verify that the level of review is consistent with policy requirements, i.e. that there has not been a 'light touch' review which does not delve into the details of training and make a formal assessment of its suitability.</p>	We accept the findings and add that further analysis will be completed by the end of the month.	Medium	01/04/2024	<p>A revised CPD Assessors - Enhanced Record of Assessment (ROA) for CPD profiles has been developed and was effective from 2024. The revised process requires additional narrative to be included for each of the five CPD requirements.</p> <p>A log of CPD assessments was provided. It was evidence from the log that there had been a review of the ROA by a second officer.</p> <p>Whilst there is no evidence of a maximum number of CPD assessments permitted for an assessor to undertake, the form that assessors are required to complete helps to demonstrate that sufficient review has been undertaken prior to a decision made.</p> <p>Implemented</p>	



Appendix I - Recommendations Summary






Ref.	Report Area	Original Recommendation	Management Response	Priority	Due Date	Status Update	Rec. Status
7	Procurement of Large Contracts	On at least an annual basis, employee vs supplier bank account checks should be undertaken.	We acknowledge the initial risk associated with the on-boarding of new suppliers and changes to suppliers' details. To address this, we are committed to implementing a periodical check between employee and supplier bank accounts to ensure data accuracy and prevent potential fraud	Medium	30/06/2024	HCPC have introduced monthly checks (from 2025) of supplier vs employee bank checks to verify no duplicates. These checks are completed as part of the payroll process using supplier details from Business Central vs employee data from HR. Evidence of the checks completed are included in the monthly payroll checklist document. Implemented	



Appendix II - Staff Interviewed & definitions

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

Nicole Jones	Improvement and Compliance Specialist
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Recommendation Status	
Implemented	
In Progress	
Outstanding	
Superseded	
Risk Accepted	



Appendix II: 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: Limitations and Responsibilities

Management Responsibilities

Council are ultimately responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

Council, through ARAC, is responsible for ensuring the internal audit function has:

- The support of the organisation's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit, Risk and Assurance Committee.
- Council is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by Council in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

Council is ultimately responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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