



BAKER TILLY

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## ENGAGEMENT LETTER

Between BAKER TILLY

And HEALTH PROFESSIONS COUNCIL (HPC)

To the Members of Health Professions Council (HPC)

### INTRODUCTION

The purpose of this letter is to set out the basis on which we act as auditors of the Council and the respective areas of responsibility of the members and ourselves. Our services are provided in accordance with the attached Terms and Conditions of Business dated 14 January 2005, which form part of this Engagement Letter

### AUDIT

#### Responsibilities of members and auditors

As members of the above company, you are responsible for ensuring that the council maintains proper accounting records and for preparing financial statements which give a true and fair view and have been prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. You are also responsible for making available to us, as and when required, all the council's accounting records and all other *relevant* records and related information, including minutes of all management and other meetings. We shall, of course, be pleased to assist with accountancy and company secretarial matters if requested to do so, but such services are distinct from our function as auditors.

We have a statutory responsibility to report to the members whether in our opinion the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. In arriving at our opinion, we are required to consider the following matters, and to report on any in respect of which we are not satisfied:



- a) whether proper accounting records have been kept by the council and proper returns adequate for our audit have been received from branches not visited by us;
- b) whether the council's balance sheet and profit and loss account are in agreement with the accounting records and returns;
- c) whether we have obtained all the information and explanations which we consider necessary for the purposes of our audit; and
- d) whether the information in the councils' report is consistent with that in the audited financial statements.

In addition, there are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, where the financial statements do not give details of members' remuneration or of their transactions with the council, the Health Professions Order 2001 and Privy Council directions made thereunder requires us to disclose such matters in our report.

We have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- a) whether the departure is required in order for the financial statements to give a true and fair view; and
- b) whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include:

- including in our report a description of the members' responsibilities for the financial statements where the financial statements or accompanying information do not include such a description; and
- considering whether other information in documents containing audited financial statements is consistent with those financial statements.

#### **Scope of audit**

Our audit will be conducted in accordance with the Auditing Standards issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained by the council. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.



The nature and extent of our procedures will vary according to our assessment of the council's accounting system and, where we wish to place reliance on it, the system of internal control, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the councils' systems but if such weaknesses come to our notice during the course of our audit which we think should be brought to your attention we shall report them to you. Any such report may not be provided to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the council in mind and that we accept no duty or responsibility to any other party as concerns the reports.

As part of our normal audit procedures, we may request you to provide written confirmation of oral representations which we have received from you during the course of our audit on matters having a material effect on the financial statements. In connection with the representations and the supply of information to us generally it is an offence for an officer of the council to mislead the auditors.

In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the report of the council, operating and financial review report and the members' report, which are due to be issued with the financial statements. We are also entitled to attend any general meetings of the council and to receive notice of any such meetings.

The responsibility for safeguarding the assets of the council and for the prevention and detection of fraud error and non-compliance with law or regulations rests with yourselves. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with law or regulations) but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist. If at any time the directors wish us to undertake detailed checking with the specific objective of investigating possible irregularities, we shall be pleased to receive your instructions.

Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the Annual General Meeting which may affect the financial statements.

#### **Communication of audit matters to those charged with governance**

We will agree with those within the council charged with governance, the timing and form of communication between ourselves.

#### **TERMS AND CONDITIONS OF BUSINESS AND ADDITIONAL TERMS**

Our Terms and Conditions of Business form part of this Engagement Letter. They include certain of the definitions used in this letter. Please read carefully these Terms



and Conditions of Business, which apply to all our work, as they include various exclusions and limitations on our liability, save where excluded below.

It is agreed that Clauses 5.1 to 5.4 (Limitation of Liability), 14 (Other Professional Advisers) and 16 (Nature of Work) shall not apply in relation to this audit assignment.

### **JURISDICTION**

This engagement letter shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

### **AGREEMENT OF TERMS**

We shall be grateful if you will confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, in the prepaid envelope provided, or let us know if the services covered are not in accordance with your understanding of the assignment to be carried out under the terms of this engagement.

Yours faithfully

*Baker Tilly*

BAKER TILLY      Date    31/5/05

Encs. Terms and Conditions of Business dated 14 January 2005

Contents noted and agreed

For and on behalf of the Board of Members

Of Health Professions Council (HPC)

Signed                      Date

CHIEF EXECUTIVE