
Internal Audit Progress Report 2023-24

Executive Summary

This report summarises the progress so far regarding the delivery of the internal audit plan for 2023-24.

Previous consideration	The Committee reviews the Internal Audit Progress Report at each meeting
Decision	To note and discuss
Next steps	The Committee will receive update reports at each meeting on the progress of the Plan.
Strategic priority	All
Risk	All
Financial and resource implications	None as a result of this report
Author	BDO LLP

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 a friendly expression. The man is also smiling. The ambulance has 'AMBULANCE' written on the side of the man's uniform. The background shows a clear blue sky and some trees.

THE HEALTH AND CARE PROFESSIONS COUNCIL (HCPC)

INTERNAL AUDIT PROGRESS REPORT 2023

SEPTEMBER 2023

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YOUR TEAM

BILL MITCHELL	DIRECTOR	Bill.Mitchell@bdo.co.uk
DAN BONNER	SENIOR MANAGER	Dan.Bonner@bdo.co.uk
HEATHER BUCKINGHAM	MANAGER	Heather.Buckingham@bdo.co.uk

OVERVIEW

This report presents the Audit and Risk Assurance Committee (ARAC) with an update on internal audit activities, specifically progress made in respect of delivery of the Internal Audit Annual Plan for 2023/24.

In the following section we have provided a status update against individual audits, including those that are underway and yet to be completed. We have also included our wider quarterly not for profit thought leadership digest.

The ARAC is requested to note this report.

BDO UPDATE

ARAC - September 2023

Introduction

The main purpose of this report is to update the Audit, Risk and Assurance Committee (ARAC) on the progress made in delivering the Internal Audit (IA) plan since the last ARAC in June 2023. This report has been prepared on the basis of work performed up to 7 September 2023.

Progress of the 2023/24 IA Plan

We have made good progress in delivering audits in line with approved 2023/24 Plan. We have issued the Registration Assurance (International) review in final.

We have completed the fieldwork for the Partners, Regulatory Policy and the Payroll IR35 reviews. The Procurement of Large Contracts is in the fieldwork stage with the People Strategy due to take place from 18 September.

Project Management Review

We have discussed the terms of reference of the work. Broadly speaking, it focuses on benefits realisation and the benefits management cycle HCPC are adopting for its projects. Projects are now subject to a more rigorous consideration and evaluation of benefits through the project lifecycle, with a handful of in-flight projects already having adopted the approach.

As no project has gone through its complete lifecycle, the new benefits management lifecycle is yet to be tested. Therefore, our review comprises evaluation the embedding of the current in-flight projects, plus evaluating the design of remaining benefits management activities intended for the latter parts of the project lifecycle.

We are looking to conduct this work in Quarter 3, although the project teams are currently working on ensure the safe roll out of Business Central, the finance system. This may delay the start date.

Changes to the Audit Plan

There have been no changes to the audit plan.

Recommendation

ARAC are requested to note progress in delivery of the internal audit work.



INTERNAL AUDIT PROGRESS - 2023/24

REPORT	STATUS	PLANNED DELIVERY DATE	OVERALL REPORT CONCLUSIONS					
			ASSURANCE LEVEL		H	M	L	TOTAL
			DESIGN	EFFECTIVENESS				
Registration assurance & processes & international registrants (first and second line review)	Final report	Aug 23	MODERATE	MODERATE	-	2	-	2
Partners	Fieldwork completed	Aug 23	-	-	-	-	-	-
Regulatory policy development	Due to start September	Aug 2023	-	-	-	-	-	-
People strategy	TOR issued	Sept 2023	-	-	-	-	-	-
Project Management	TOR issued	Ongoing (Q2 onwards)	-	-	-	-	-	-
Procurement of large contracts	Fieldwork	September 2023	-	-	-	-	-	-
IR 35 and payroll	Fieldwork completed	January 2024	-	-	-	-	-	-
Follow-up	Scoping to be held	January 2024	-	-	-	-	-	-



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.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



APPENDIX II: BDO CHARITY AND NFP UPDATE

Our September not for profit digest contains sector updates, thought leadership and advice to support charities and not for profits through current and emerging risks and issues.

The Top Three issues impacting charities



Exhibiting at the recent CFG Annual Conference, we ran an interactive survey asking the charity finance professionals who attended what the biggest issue impacting their charity currently is. What were their Top 3? And do these issues resonate with what you're facing at your charity or are you grappling with other concerns right now?

[Read now](#)

Every Penny Counts Series



As a charity, you'll know that every penny counts; especially when inflation is high, recession is looming and the cost-of-living crisis is impacting. Ensuring you maximise your hard-earned income, optimise your cost base and manage your cash effectively is crucial. That's why we've pulled together a series of Charity Update webinars focusing on these very issues, to help you remain resilient and continue to your support where it's needed most.

[Watch on demand](#)

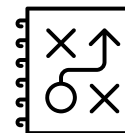
#StopCharityFraud expert insight: Fraud in the procurement cycle



Procurement fraud, payment diversion fraud and expenses fraud should all be a priority for charities - there was a five-fold increase in procurement and supplier fraud in 2022. Find out how to spot procurement and supplier frauds, and the steps you can take to prevent them.

[Read now](#)

#StopCharityFraud expert insight: What to look out for with donation and grant fraud



Grant and donation fraud pose significant risks to the fundraising activities of charities - find out what to look for and how to put controls in place to prevent loss of funds in our latest #StopCharityFraud expert insight.

[Read now](#)

FOR MORE INFORMATION:

SARAH HILLARY, PARTNER

sarah.hillary@bdo.co.uk

BILL MITCHELL, DIRECTOR

Bill.mitchell@bdo.co.uk

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