
Internal Audit Plan 2020-21

Executive Summary

BDO LLP have developed a proposed Internal Audit Plan for 2020-21. The plan was developed having taken into consideration the results of 2019-21 Internal Audit activity, the HCPC's context and in consultation with SMT and the Audit Committee Chair.

Previous consideration	None.
Decision	The Committee is asked to approve the Internal Audit plan 2020-21
Next steps	The Committee will receive update reports at each meeting on the progress of the Plan.
Strategic priority	None.
Risk	SR 5 - Failure of leadership, governance or culture
Financial and resource implications	The Internal Audit Fee proposed by BDO is £58,700 + VAT. The annual fee for 2019 was £51650 + VAT.
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**INTERNAL AUDIT STRATEGY & PLAN
2020-21**

HEALTH & CARE PROFESSIONS COUNCIL

**CONFIDENTIAL
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1. Development of the Internal Audit Plan 2020/21

Introduction

- 1.1 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 also required to give an annual opinion on the organisation's governance, risk management and internal controls. We propose to follow PSIAS because of the wider public interest in HCPC and being consistent with many other healthcare profession regulators.
- 1.2 We are appointed as HCPC's internal auditors. The primary purpose of this document is to set out our internal audit plan for the whole of 2020/21 for Audit and Risk Committee approval, which takes cognisance of meetings with management and the chair of the Audit & Risk Committee. This document follows on from our full internal audit strategy and plan for 2019/20 to 2012/22.

Purpose of the internal audit strategy

- 1.3 Our audit strategy underpins our audit plan each year and provides the Chief Executive as Accounting Officer, the Audit & Risk Committee 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 the Executive 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 HCPC objectives.
- 1.4 Our strategy provides 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. Individual annual audit plans for each year, over a three year period, deliver the strategy. 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, proportionate to HCPC's risk appetite.

- 1.5 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 and the Audit & Risk Committee;
 - improvement of the HCPC's risk management, control and governance processes through internal audit work and advice to the Executive;
 - an opinion on 'support' or 'business functions' such as finance, human resources and IT;
 - identification of the required level of audit resource, number and skills, required to meet the internal auditing standards for the UK public sector and the International Professional Practice Framework for internal auditing;
 - effective co-operation with external auditors; and
 - the provision of other assurance and consultancy services by internal audit.

Methodology and risk factors in building the audit plan

- 1.6 We have built the annual audit plan for 2020/21, mindful of:
- the HCPC's governance, strategic objectives and business plan;
 - the risk register;
 - its risk appetite and recent risk appetite workshop;
 - our recently developed assurance map;
 - our assessment of risks;
 - our knowledge of the business;

- change projects; and
- discussion with senior members of the executive.

Audit Plan 2020/21

1.7 Following meetings with the Senior Management Team, the Chair of the Audit and Risk committee and undertaking the risk appetite workshop, we have produced a full audit plan for 2020/21, which is highlighted in Appendix A. Topics include:

- end-to-end review of registration;
- intelligence gathering;
- reshaping the organisation & cultural change; and

1.8 PSA reporting.

Resource requirements

1.9 The strategy and annual plan has been drafted giving consideration to the 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 CEO, the Audit & Risk Committee and Council on the effectiveness of the HCPC's governance, risk and control processes and provide sufficient work to form the annual internal audit opinion.

1.10 The cost for delivery for 2020/21 is £58,700 excl. VAT, which translates into 61 days.

1.11 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.

1.12 We also have access to other specialists such as tax, an in-house fraud investigation team, risk management specialists, training and systems implementation experts.

2. Management's responsibility

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

- the CEO 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.

3. External audit

3.1 We have established practical processes to ensure effective co-operation with external auditors. We expect to meet with the external auditors at least annually at the planning stage of the external audit work. We will share our plans and reports with the external auditors to avoid duplication of effort and enhance knowledge of risk management and corporate governance within HCPC.

4. Reporting & approach

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

4.2 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.

- 4.3 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 the Audit & Risk Committee.
- 4.4 The Head of Internal Audit will issue regular update reports and an annual report to the Audit & Risk Committee on the coverage of Internal Audit work and give an audit opinion on the risk management, control and governance arrangements.
- 4.5 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.

5. Quality Control

- 5.1 BDO UK Risk Advisory Services 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 D.

A Audit Plan for 2020-21

Theme	Audit Plan Topic	Brief description	Work type	Timing	2020-21 Budget £
Main Delivery					
Registration	Registration end to end	HCPC maintains a register of health and care professionals. There are multiple routes for health care professionals to gain access to the register which will depend on the circumstances of the individual. Individuals must meet a set of criteria and standards prescribed by the HCPC so that they can be added to the register. Renewals also take place periodically and depend on the nature of the profession. This review will look at the end to end arrangements to process and facilitate the registrations process.	Audit	Q4	8,700
Fitness to practise	Fitness to practise - Follow up	A detailed follow up re-testing the audit procedures in risk areas where there were findings in the 2019 review.	Audit	Q1	4,650
Intelligence	Intelligence Gathering	Healthcare profession regulators are increasing pressure to intervene at an earlier stage, share information with others and have good internal processes to anticipate risks to public protection. This includes intelligence on individuals and systematic risks and trends. We will draw on our work with other regulators to provide advice and share best practice	Advisory	TBC	5,450
'Enabling' management systems					
Change	Reshaping the organisation	The change in the organisation following the transfer out of social workers provides threats and opportunities. We would examine the ways the organisation is reshaping and making necessary changes to be lean and efficient.	Audit/ Advisory	TBC	4,500
Performance management	PSA & internal reporting	Performance management is of vital importance to the Organisation so that progress against the achievement of strategic goals and objectives can be appropriately monitored and measured. This review will look to provide assurance that appropriate arrangements are in place and operating effectively in relation to performance management and key performance indicators (KPIs)	Audit	TBC	6,500
Governance	Culture and ethics	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 Board 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. A benchmarking exercise will be performed to assess HCPC's culture against good practice.	Advisory	Q1	6,000

Theme	Audit Plan Topic	Brief description	Work type	Timing	2020-21 Budget £
Core functions					
Finance	Financial modelling	<p>HCPC have recently revised their financial model which is used to forecast the company's future financial performance based on a number of assumptions that have been configured within the model.</p> <p>The review will look at the effectiveness and efficacy of the revised financial model and how appropriate this is as a means to forecast HCPC's financial performance.</p>	Audit	Q1	6,300
IT	IT General Controls	<p>BDO has developed a good practice approach internal guidelines which are aligned with COBIT (Control Objectives for Information and Related Technology) an IT governance framework from ISACA (Information Systems Audit and Control Association). COBIT provides a comprehensive framework that assists organisations in achieving their objectives for the management of IT.</p> <p>This audit will review the controls in place around Information Technology (IT), with a particular focus on IT governance and management, service desk management and physical protection of IT assets</p>	Audit	TBC	4,500
Other					
Follow up	Follow up previous audit recommendations		Audit	Q4	2,600
	Internal Audit Plan	The development of the full internal audit plan for 2020/21	-	Q1	4,300
	Audit & Risk Committees & Client Liaison	Preparing & attending Audit & Risk Committees & ad hoc advisory	-	All	4,000
	Annual report		-	Q4	1,200
Total excl. VAT					58,700

B Reserve List

Theme	Audit Plan Topic	Brief description	Work type
<i>'Enabling' management systems</i>			
Media	Media handling	<p>Effective use of communication and engagement channels is important to make sure HCPC provide clear, concise and relevant information to their audiences.</p> <p>This review will evaluate the strategic communications and media handling and the various channels that HCPC uses to communicate with their stakeholders.</p>	Audit/ Advisory
<i>Core functions</i>			
Human resources	Starters and leavers	<p>Robust processes and practices should be in place for new starters and leavers.</p> <p>This review will look at the human resources processes with respect to new starters and leavers and how these processes align to other key operational areas of the Organisation such as Finance (payroll), IT, health and safety, training, etc.</p>	Audit

C Internal Audit Strategy for 2019/20 to 2021/22

Subject area	Risk	Audit Plan 2019/20	Audit plan 2020/21(see appendix A)	Indicative plan 2021/22
Main Delivery				
Registration	Failure to protect public; Failure to be an effective, efficient and agile regulator	Transfer of social workers to new body	Registration end to end	
Fitness to Practise	As above	Fitness to practise - end to end process		
Education, Continual Professional Development (CPD)	As above			Education & continued professional development
Policy and Standards	As above			Policy formulation & use of insights
Intelligence & insights	As above		Use of intelligence	
'Enabling' management systems				
Governance & culture	Failure of governance, leadership or culture	Quality Assurance Function	Cultural and ethics	Board effectiveness**
		Assurance framework & mapping		
Risk Management				Risk management framework & specific risk areas
Strategy & Planning	Failure to be an effective, efficient and agile regulator	Budget setting & monitoring processes*		
Performance Management			PSA & internal reporting	
Media Handling & Communications			Media handling*	
Project Management			Project management processes*	

Subject area	Risk	Audit Plan 2019/20	Audit plan 2020/21 (see appendix A)	Indicative plan 2021/22
Core functions				
Key financial systems & tax	Poor VFM, fraud risk, unauthorised spend		Key financial controls	Key Financial Controls (selected items)
Procurement	Poor VFM, fraud risk, unauthorised spend	Procurement*		
Payroll			Remuneration-setting procedures for Council Members*	Pay
HR	Poor staff planning; Breaches of employment law and intended best practice;		Starters' & leavers' procedures*	
Safeguarding & diversity				Safeguarding controls
Health & Safety			H&S processes including lessons learned*	
Estates & physical security				
Business continuity & DR		Business continuity & DR*		
Fraud & corruption			Fraud risk assessment*	
IT strategy & operations	Information security			IT Strategy
Data protection & FOI			Data compliance	

* Identified or confirmed as relevant subjects through assurance mapping work.

**Identified as a review for 2021/22 based on discussions with the ARC Chair in February 2020
Follow ups will be done every year.

D Previous years' topics for reference

2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Fitness to practise - end to end process	186 KPR building project	Continuing professional development	Payroll	Whistleblowing	Partner expenses
Transfer of social workers to new body	Fees review (commissioned outside audit plan)	Cyber security	Property management	5 year plan model	Project Management
Quality Assurance Function	Follow up of recommendation implementation	Follow up of recommendation implementation	Employee recruitment and retention	Public consultations	Corporate Governance and Risk Management
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)	Stakeholder Communications
Procurement	SW transfer project governance		Partner recruitment	Core financial controls	Business Continuity
Business continuity planning	Registration project phase 1		registration appeals		Bribery Act
Fraud Risk Assessment	Strategic and operational planning		Non-case preparation and presentation legal services cost management		Health and Safety
	Core financial Controls		Core financial controls		Core financial controls

E Internal Audit Quality Assurance

Quality control and quality assurance is under review following the merger with BDO. Our quality assurances will be updated during the year.

Current 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 senior manager (stage 1) and director or partner (stage 2). All reports are also now checked for proofing errors at the draft and final report stage by another staff member.
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 qualification. There is a full programme of continuing professional development and training provided by BDO LLP and to specific members of the 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	Firm-wide satisfaction survey which benchmarks our service against the firm and the industry, conducted by an independent external company on behalf of BDO. Introduced in 2017.
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 Governance, Risk and Assurance Group 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 May 2014. The findings feed into the QAIP.
Self-assessment against PSIAS	Brings together the individual assessments against the Public Sector Internal Audit Standards (PSIAS) - last conducted in 2014. The next review was conducted in 2018.
External review	The BDO LLP internal audit work was subject to an external quality review in 2014/15.

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