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## Internal Audit Progress Report 2023-24

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### Executive Summary

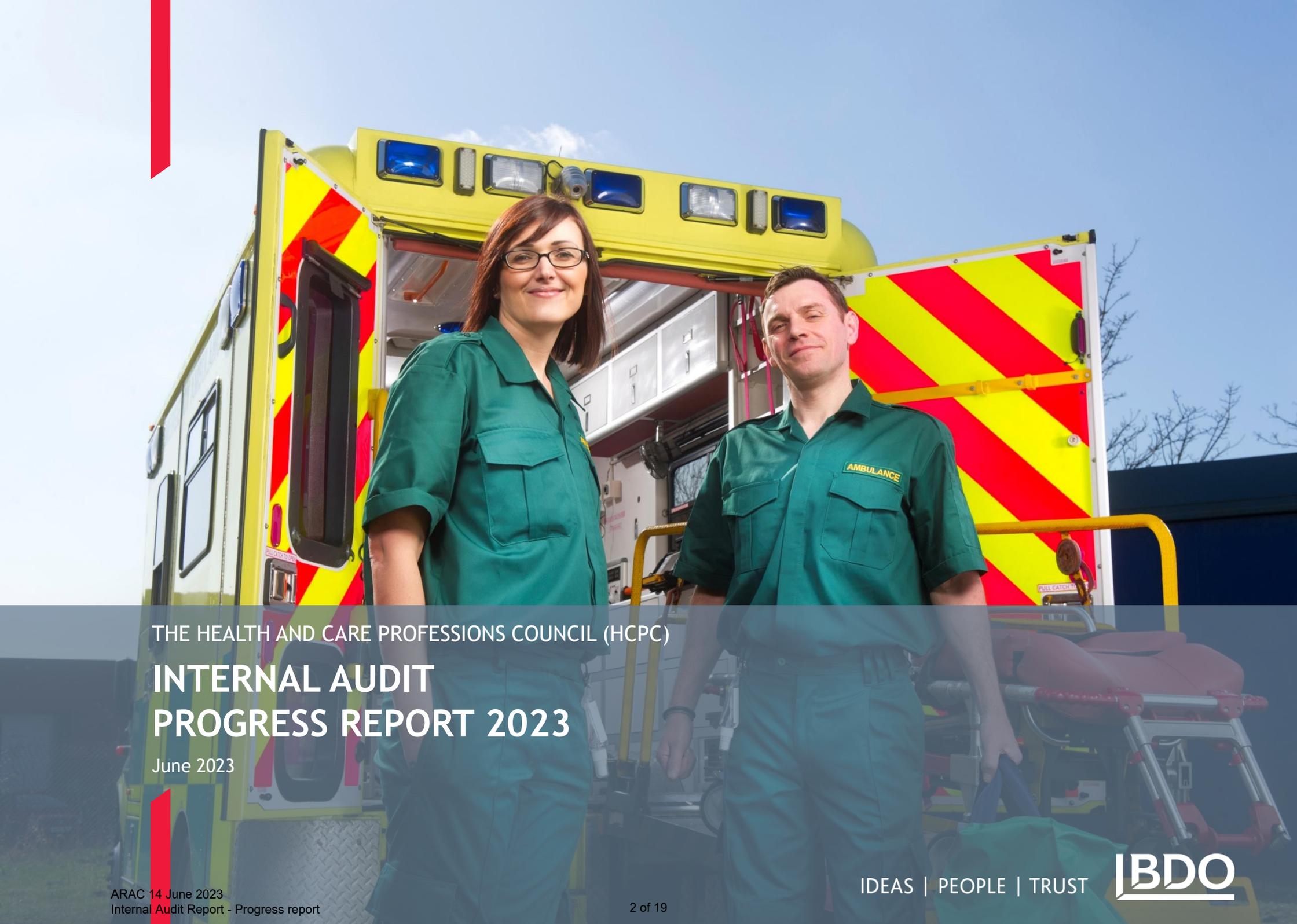
This report summarises the progress so far regarding the delivery of the internal audit plan for 2023-24.

Following the progress report, the paper also includes a summary of the outcomes of the Business Transformation workshops.

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|                                     |  |
|-------------------------------------|--|
| 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  |

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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 slight smile. The man is also smiling. The ambulance has 'AMBULANCE' written on the man's uniform. The background is a clear blue sky with some trees visible in the distance.

THE HEALTH AND CARE PROFESSIONS COUNCIL (HCPC)

# INTERNAL AUDIT PROGRESS REPORT 2023

June 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.**



# INTERNAL AUDIT PROGRESS - 2023

| REPORT   | AUDIT PURPOSE   | STATUS               | PLANNED DELIVERY DATE | OVERALL REPORT CONCLUSIONS |               |   |   |   |
|--|---|----------------------|-----------------------|----------------------------|---------------|---|---|---|
|  |   |                      |                       | ASSURANCE LEVEL            |               | H | M | L |
|  |   |                      |                       | DESIGN                     | EFFECTIVENESS |   |   |   |
| Registration assurance & processes & international registrants | Our approach is to provide assurance over the efficacy of the second line of defence rather than repeat second line assurances, where the second line is regarded as strong and provides good coverage. Overall, the assurance framework is relatively mature, but there are different procedures and a less-developed assurance framework for registrations from abroad. There have been significant changes in processes, applicant verification is more complex and assessor decisions and quality checks are not subject to the same regime as UK applications. | Scoping meeting held | Aug 23                | -                          | -             | - | - | - |
| Partners   | There are some 600 partners supported by a small inhouse team. Quality assurance over partner processes is not as well established as processes undertaken by employees. PwC are currently reviewing the partner arrangements, as it is a known area of risk. Given the level of risk and importance, the audit scope will be considered during the year. However, it will complement the work conducted and is likely to provide assurance on a specific aspect of partner work following any changes arising from the current review of partner arrangements.     | Scoping meeting held | Aug 23                | -                          | -             | - | - | - |



# INTERNAL AUDIT PROGRESS - 2023

| REPORT                        | AUDIT PURPOSE   | STATUS                                 | PLANNED DELIVERY DATE | OVERALL REPORT CONCLUSIONS |               |   |   |   |
|-------------------------------|---|--|-----------------------|----------------------------|---------------|---|---|---|
|                               |   |  |                       | ASSURANCE LEVEL            |               | H | M | L |
|                               |   |  |                       | DESIGN                     | EFFECTIVENESS |   |   |   |
| Regulatory policy development | The review would include an audit of the process for regulatory policy and standards consultation - reviewing, updating and dissemination. Considerations will include consulting with stakeholders, and project and quality management of the policy review and update process.  | Scoping meeting held and TOR finalised | In discussion         | -                          | -             | - | - | - |
| People strategy               | Current market conditions mean that employers are more vulnerable to staff leaving, so the people proposition, succession arrangements and recruitment activities come to the fore. We will review the plans, delivery and impact of the people strategy, with a focus on succession planning, but also include learning and development and the planned revisions to the recruitment system. | Scoping meeting held                   | Aug 2023              | -                          | -             | - | - | - |
| Project management            | Continuing our input in HCPC's business change activities, from our work in 2022/23. The amount of advisory work will be determined by the pace of the change programme.  | Scoping to be held                     | Ongoing (Q2 onwards)  | -                          | -             | - | - | - |



# INTERNAL AUDIT PROGRESS - 2023

| REPORT                         | AUDIT PURPOSE  | STATUS             | PLANNED DELIVERY DATE | OVERALL REPORT CONCLUSIONS |               |   |   |   |
|--------------------------------|--|--------------------|-----------------------|----------------------------|---------------|---|---|---|
|                                |  |                    |                       | DESIGN                     | EFFECTIVENESS | H | M | L |
| Procurement of large contracts | Procurement is inherently a risk area for any business. Many services and regulatory functions are dependent on third parties, to a greater or lesser extent. Good procurement also gives value for money. Excludes services delivered by partners, which are covered in other reviews in this plan. Includes the procurement of Business Central as a case study. | Scoping to be held | September 2023        | -                          | -             | - | - | - |
| IR 35 and payroll              | The payroll system is due to be updated in 2023/24, with more payroll administration brought inhouse. IR35 rules are complex and affect organisations who employ or contract with individuals. We will review the controls for payroll and IR35.   | Scoping to be held | January 2024          | -                          | -             | - | - | - |
| Follow-up                      | Follow-up of previously raised internal audit recommendations. Will include a follow up of financial controls.   | Scoping to be held | January 2024          | -                          | -             | - | - | - |



# APPENDIX I: BDO NOT FOR PROFIT UPDATE

Our April not for profit digest can be found [here](#), which contains sector updates, thought leadership and advice to support organisations through current and emerging risks and issues.

## National Minimum Wage webinar



NMW increased on 1 April - how can you sustainably fund that increase, or are you, in fact, already paying it without even realising? Our NMW experts, some of whom have, until recently, worked in HMRC's NMW team, draw on their experience to highlight some common scenarios, as well as explore areas where charities in particular can inadvertently fall foul of the regulations.

[Watch now](#)

## National minimum wage: a guide for 2023



Managing your responsibilities under NMW legislation is complex and there are a number of areas employers need to consider in order to comply. With NMW having increased on 1 April and HMRC issuing letters directly to workers encouraging them to get in touch if they believe they have been underpaid, ensuring you're compliant is critical.

[4 minute read](#)

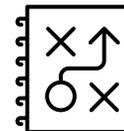
## Data Protection Download - quarterly newsletter



The first of our quarterly newsletters on all things related to data protection focuses on the ICO's publication of its compliance concern data sets, current inquiries regarding the processing of children's data and the ICO's new Children's Code, as well as a decision against Meta's Instagram with the second-largest fine under the EU GDPR and much more.

[3 minute read](#)

## BDO's Trustee Network partner with Getting on Board for Trustee Training



BDO's Trustee Network has partnered with national trustee recruitment charity, Getting on Board, to support more of its people who want to become charity trustees. Not only will staff be contributing to society while developing personal skills, this also gives our team the best opportunity to see things from the 'other side of the table' to truly understand the issues facing charities in today's challenging climate.

[Read more about Getting on Board](#)



# APPENDIX I: BDO NOT FOR PROFIT UPDATE



## An 'in-house' issue: reducing the risk of insider fraud at your charity

As the line between work and home life becomes increasingly blurred, the opportunities for insider fraud increases. Understanding how home working and cost of living pressures could lead to insider fraud and the steps you can take to tackle this threat is crucial in today's environment.

[5 minute read](#)



## Creating a compelling Employee Value Proposition for your charity. What is your employee deal?

Strategic Reward Advisory partner, David Ellis, will be presenting alongside a charity partner at this year's CFG Annual Conference on 26 June, in London. Our charity team will also have a stand in the exhibition hall as in previous years, so if you're attending, do drop by the stand.



## Cultural impact of New Ways of working

Ways of working have inevitably changed since the pandemic. We have to learn to work effectively in a hybrid way; this means understanding and challenging some of our base assumptions about how work happens and how work gets done. We outline five recommendations to developing an effective hybrid way of working.

[4 minute read](#)



## Audit and Risk Committee checklist - is your committee effective and adding value?

Audit and Risk Committees help organisations function according to good governance, accounting, auditing and risk management standards. But when did you last assess whether the committee is performing effectively and efficiently in order to discharge their responsibilities and ensure they add value?

[Download checklist](#)



## 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  |
| <b>SUBSTANTIAL</b> | 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.                                     |
| <b>MODERATE</b>    | 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. |
| <b>LIMITED</b>     | 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.              |
| <b>NO</b>          | 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 |  |
|-----------------------------|--|
| <b>HIGH</b>                 | 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.  |
| <b>MEDIUM</b>               | 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. |
| <b>LOW</b>                  | 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.  |
| <b>ADVISORY</b>             | 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.   |

FOR MORE INFORMATION:

SARAH HILLARY, PARTNER

sarah.hillary@bdo.co.uk

BILL MITCHELL, DIRECTOR

Bill.mitchell@bdo.co.uk

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# HCPC - Health and Care Professions Council

## Change and Benefits Workshop

24 January 2023

### HCPC:

- Paul Cooper (Head of Business Change), Kayleigh Birtwistle (Programme Management lead), Karyn Byfield (Product Management lead), Anna Raftery (Quality Assurance lead), Chanelle White (Project Management Officer), Geoff Kirk (Head of IT and Digital Transformation)
- Optional: Alastair Bridges (Executive Director of Resources and Business Performance, Alan Keshtmand (Head of Finance)

### BDO:

- Ross LeCarpentier, Lydia Smith



# CHANGE AND BENEFITS - WORKSHOP

To help understand the HCPC challenges and opportunities in defining and realising the benefits of change

## 01 Introduction / Scene Setting

- Ground Rules
- Objectives / Scope

## 02 Walkthrough key benefits process elements

- Defining benefits at the outset
- Applying proportionality to benefits definition based on project size/complexity/importance
- Business v Project Ownership of benefits
- Governance and the monitoring of benefits
- Tools & Templates
- Realisation of benefits - during a project v after a project

## 03 Embedding Improvements

- What's the value! And 'What's in it for me?'
- People / Process / Technology

## 04 Summary / Next Steps

- Actions / Workshop 2



# Change and Benefits Summary Notes from the Workshop

# WORKSHOP - BRIEF BACKGROUND / CONTEXT

- **In the last year there were 31 project submissions - which were prioritised down to 9 projects to progress**
  - Projects ranged from low end (circa £25/£50k) to a high of £2 million.
  - There is an increasing desire to focus on the smaller delivery projects.
- **Projects team supporting the business to develop business cases:**
  - The business case template was reduced from 40 pages to 2 pages this year.
  - Business case 'clinics' were setup so that individuals could get support in writing their businesses cases and to provide constructive challenge on benefits definition. It is understood there was limited engagement/success during the clinics process.
- **Ultimately ELT decide which projects to take to Council for discussion.**
  - Decision making tends to be focused on the financials rather than wider benefits of the project / alignment to the HCPC strategy.
- **Investment cycles are generally seen as 1 year within the annual/FY planning period.**
  - Although project costs should always be tracked across the end to end project as well as fit to an FY planning number.
  - There is limited consideration of the Total Cost of Ownership (TCOO) and Total Benefits of projects and their outcomes over a number of years.

# SNAPSHOT OF KEY CHALLENGES FROM THE WORKSHOP

- **Simplification and communication of the definition of benefits**
  - There is a need to improve the benefits definition process currently in place. Although the business case template contains a drop-down box of benefit categories together with an additional information section, it seems that individuals completing the business case are unable to complete the sections with the relevant and appropriately detailed information. Additional support/guidance may be required.
  - Although the definition of all business benefits can be improved, the primary challenge relates to the definition of non-financial benefits, rather than the financial benefits of a project. Particularly in making benefits ‘SMART’ enough for both quantitative and qualitative benefit types.
- **Common language**
  - There is a lack of common and simple language around benefits which doesn’t aid communication and understanding.
  - This presents a challenge in engaging individuals to define and communicate the benefits of a project. Simpler terminology, fewer benefits categories, greater use of good practice examples and supporting the business in defining good benefits are all aspects that could help.
- **Ownership of the benefits**
  - There could be greater business ownership of benefits. Whilst individuals have elements of responsibility for project outputs (eg: to implement a new process or new system) there is lack of ownership in delivering business outcomes (ie: real business improvement). This is partly due to the challenge of monitoring business benefits after a project has closed/completed, but it starts with a lack of definition and ownership at the outset.
  - The importance of benefit ownership becomes increasingly important when projects cross multiple business areas/operations, in particular, where roles and responsibilities may not be clearly defined or designated. Without an individual owner brought into each benefit from the outset then there will be a greatly increase risk that the benefit will not be delivered.
- **Dis-benefits**
  - There is a lack of awareness and challenge in assessing: 1) the reasons for not doing it a project; and 2) the knock-on implications on other processes/teams of not doing a project. Such a process would enable more effective portfolio and project decision making in order to recognise and quantify the negative aspects.

# PROPOSED IMPROVEMENTS (DISCUSSION POINTS FROM WORKSHOP)

- **To develop a more common approach, guidance, and language to benefits definition across HCPC.**
  - The language around business cases and benefits definition should be consistent and benefits aligned to the corporate plan and strategy documents.
  - Update the business case template to include a section/question on how the project will help enable the corporate plan.
  - Embrace proportionality to business cases and benefits definition and define the expectation of what is required to support the case for Large/Complex, Medium/Standard and Small/Simple projects. All projects start with an idea which should be iteratively developed (to build an understanding of benefit v cost) through to the completion of the business case. The level of risk is far greater for the large/complex projects and as such the level of detail required to support the approval and management of these projects should be far greater than for small/simple projects which may require minimal levels of approval.
  - Provide additional support to the business owners/analysts in defining ‘SMARTer’ benefits. This could be achieved in a variety of ways, such as, adding additional information / questions in the business case template, creating good practice examples of both financial and non-financial benefits, building closer relationships with the business teams and working more closely with them to align business cases to good practice. (NB: Business users often require support to develop business cases, as this is an activity that the business undertakes occasionally rather than frequently - so assessing all the pros and cons of business cases.,
  - It was noted that it is also important not to ‘overthink’ benefits as part of the process as this can create unnecessary confusion - adopt the ‘KISS’ approach (‘Keep It Simple, Stupid’)

# PROPOSED IMPROVEMENTS (DISCUSSION POINTS FROM WORKSHOP)

- **Ensure that the Executive Directors, Sponsors and project managers know their respective benefits related responsibilities**
  - Project Managers are responsible for the successful delivery of *project outputs* to the agreed time/cost/scope. A key element of this includes ensuring that benefits are defined SMARTly and there is a process being managed to track and monitor the realisation of benefits.
  - Project Sponsors are responsible for the delivery of *business outcomes*. They must agree/sign-off on the business benefits (along with all the benefit owners) at the business case and project initiation stages and then monitor and report on the delivery of the benefits both during the project and after it has completed.
  - HCPC Executive Directors are responsible for constructively challenging the objectives, costs and benefits of all projects to ensure every project undertaken has a clear alignment to strategy and that the associated benefits are defined as SMARTly as possible.
- **Alignment of Projects to HCPC corporate plans and strategies**
  - All projects should be clearly aligned to HCPC strategy - no project should be undertaken which does not add value to the strategy.
  - As projects are aligned to strategy they will often cross annual planning cycles and it is important, therefore that the total cost of ownership (TCOO) of a project is assessed and monitored as well as the costs within the annual planning cycle.
  - Projects will often be driven by the strategic planning process, as projects are very often used to as the tools to deliver strategy execution. In defining projects, the end objective should always be the primary driver and this can then be used to drive out the interim goals and the implications and challenges in achieving the end and interim goals.

# PROPOSED IMPROVEMENTS (DISCUSSION POINTS FROM WORKSHOP)

- **The operational risk register to link to the benefits of a project and such there is a understanding of how the project is going to mitigate risks that HCPC face**
  - When business cases are developed the operational risk register should be reviewed. The delivery of a specific project may either support the mitigation of particular risks, or with relatively minor changes to the scope of a project may provide appropriate mitigation.
- **To enhance existing Project Portfolio Management Processes**
  - Undertake regular conversations/discussions on possible projects throughout the year rather than just through the annual investment cycle stage. This would establish greater awareness of the projects that could be implemented and more time could be spent on identifying and defining the benefits of each project.
  - At the completion of a project the project manager should ensure a benefits realisation plan is in place for the Executive to monitor and assess moving forward. Monitoring the realisation of benefits should be established as a 'BAU' activity, although responsibility for achieving the benefits should continue to reside with the original business sponsor / owner of the benefit.

FOR MORE INFORMATION:

**Ross LeCarpentier**

+44 (0)7753 928343  
ross.lecarpeniter@bdo.co.uk

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