

**Agenda Item 10 (iv)**

**Enclosure 9**

**Health and Care Professions Council  
04 July 2019**

**NAO final report to those charged with  
governance**

**To note**

**From Jameela Khan, Interim Director of  
Finance**

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## NAO final report to those charged with governance 2018-19

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### Executive Summary

The National Audit Office's (NAO) audit completion report for 2018-19 is attached.

In December 2017, the Council appointed Haysmacintyre (HM) to audit the accounts and reporting to the Council, alongside the NAO. The NAO will rely on the work of HM where appropriate and support the Comptroller and Auditor General's certification to Parliament.

The audit completion report also includes as an appendix the draft "letter of representation" that the NAO ask the Accounting Officer to sign. This is a standard audit procedure which provides the auditors with explicit confirmation of various points which are implicit in the draft accounts. The draft audit certificate is also attached.

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Previous consideration	The report was considered by the Audit Committee at its meeting of 4 June 2019.
Decision	Council is asked to note the report.
Next steps	Parliamentary laying of the Annual Report and Accounts is anticipated on the 18 July 2019.
Strategic priority	Strategic priority 3: Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment
Risk	Strategic risk 5. Failure of leadership, governance or culture.  The Council takes a minimal approach to compliance and regulatory risk.
Financial and resource implications	NAO audit fee £5,000
Author	Jameela Khan, Interim Director Finance <a href="mailto:jameela.khan@hcpc-uk.org">jameela.khan@hcpc-uk.org</a>

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Health and Care Professionals Council

# Audit completion report (including management letter) on the 2018/19 financial statement audit

Report to those charged with governance

4 June 2019

This report sets out the results of our proposed financial statement audit for the 2018-19 Health and Care Professionals Council (HCPC) financial statements, for the 4 June Audit and Risk Committee.

<b>Executive Summary</b>	<b>3</b>	<b>Appendices</b>	
<b>Audit approach</b>	<b>4</b>	<b>Appendix 1: Future accounting standards</b>	<b>12</b>
<b>Findings on our significant risks</b>	<b>5</b>	<b>Appendix 2: Our wider health &amp; social care work</b>	<b>13</b>
<b>Areas of audit focus</b>	<b>7</b>	<b>Appendix 3: NAO Guidance for Audit Committees</b>	<b>15</b>
<b>Other audit findings</b>	<b>8</b>		
<b>Scope of the audit</b>	<b>9</b>		
<b>Other matters for consideration</b>	<b>10</b>		
<b>Proposed letter of representation</b>	<i>Separate enclosure</i>		
<b>Draft C&amp;AG's audit certificate</b>	<i>Separate enclosure</i>		

## Actions for the Audit and Risk Committee

The Audit and Risk Committee is invited to:

- Review the findings set out in this report, and in the draft letter of representation and audit certificate.

We have prepared this report for the HCPC's sole use although you may also share it with the Privy Council. You must not disclose it to any other third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

## Status and conclusion

Our audit is substantially complete. We are yet to perform checks on the final version of the Annual Report and Accounts to be signed by the Accounting Officer and we are awaiting resolution of some final queries with haysmacintyre. See page 4.

We anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2018-19 financial statements with an unqualified audit opinion, without modification. The draft audit certificate is presented as a separate appendix.

## Audit risks and response

We plan our audit of the financial statements to respond to the risks of material misstatement and irregularity.

Our audit plan identified the following significant risks:

- **The presumed risk of management override of controls; and**
- **The presumed risk of fraud in revenue recognition;**

We have relied upon haysmacintyre's audit work. See pages 5 for further details.

## Audit approach

### Reliance on haysmacintyre:

We rely on the work of haysmacintyre under the provisions of International Standard on Auditing (ISA) UK 600, to support the C&AG's 'true and fair' opinion. We have performed procedures to earn the right to rely on their work, and we have been involved in their work throughout the audit process. We have:

- Performed our audit using the same materiality and clearly trivial threshold as haysmacintyre;
- Identified the same audit risks as haysmacintyre. For all our identified significant risks we have been able to rely on the work of haysmacintyre; and
- Reported the same errors (none for 2018/19) as haysmacintyre.

### Regularity-specific audit work:

The C&AG is required to provide an opinion on regularity, and we perform some additional work to support this opinion. We have not identified any findings relating to regularity.

We perform a review of the draft Annual Report and Accounts, to confirm they comply with HCPC's financial reporting framework, and that the annual report and Governance Statement are consistent with the financial statements and with our understanding.

## Appendices

We have set out some additional information of relevance to our audit, including:

- the impact of upcoming changes in financial reporting standards; and
- A summary of our wider work completed in the Health area.

## Audit findings

### Materiality:

**£680,000**

Based on 2% of total income.

### Identified misstatements:

No adjusted or unadjusted misstatements have been identified in the course of the audit above our clearly trivial threshold of £34,000.

**Status of our audit** At the date of this report our audit of the financial statements is substantially complete subject to completion of the areas detailed below.

Current outstanding work, which must be resolved prior to completion of the audit, comprises:

- Receipt and Review of updated final draft account (once received from HCPC);
- Confirmation that haymacintyre have completed their audit work (outstanding points are detailed within their Audit Findings Report presented to the Committee);
- Completion of our internal review processes; and
- Completion of our checks on the final version of the Annual Report and Accounts signed by the Accounting Officer.

Following resolution of the issues listed above, the Accounting Officer will sign the annual report and accounts together with a letter of representation, the proposed wording of which is included as an appendix to this report.

**Our reliance on the work of haymacintyre** Under legislation, the HCPC is required to appoint its own auditors, who are qualified under the Companies Act 2006. The C&AG is then required to examine, certify and report to Parliament on the financial statements. We rely on haymacintyre's work to the fullest extent possible to inform the C&AG's audit opinion on the financial statements.

We have followed the guidance in International Standards on Auditing (UK). We applied the principles of International Standard on Auditing (ISA) (UK) 600 *Special considerations – audits of group financial statements (including the work of component auditors)*. As part of this work, we consider the professional, ethical and independence requirements, and whether we share common policies and procedures. We also liaise regularly with haymacintyre to ensure we have a common view of audit risks, we attend audit planning and close meetings, and review the audit file to earn the right to rely on haymacintyre's work to support the C&AG's true and fair opinion. We have:

- Performed our audit using the same materiality and clearly trivial threshold as haymacintyre;
- Identified the same audit risks as haymacintyre. For this and all our identified significant risks we have been able to rely on the work of haymacintyre; and
- Reported the same errors (none in 2018/19) as haymacintyre.

In addition to our reliance on haymacintyre, we also perform audit work to support the C&AG's separate opinion on regularity, and we perform a full review of the draft Annual Report and Accounts. Our findings on these areas are set out on page 6.

**Materiality** In line with generally accepted practice, and in line with the levels set by haymacintyre we have set our quantitative materiality threshold as approximately 2% of income, which equates to £680,000.

We also considered materiality qualitatively. In areas where users are particularly sensitive to inaccuracy or omission, we treated misstatements as material even below the principal threshold. These areas include the remuneration report, our audit fee, and any irregular income and expenditure.

**Audit fee** The total audit fee charged for the year is £5,250, which is in line with that set out in our Audit Planning Report.

The following are the significant risks identified in the course of our audit, along with our audit responses, findings and conclusions.

## Management override of controls

Detail	International Standard on Auditing (UK) 240, there is a presumed significant risk that management may override the system of internal controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and accounting estimates and prepare fraudulent financial statements by overriding internal controls that otherwise appear to be operating effectively.
Audit Impact	Pervasive: management override of controls may impact any audit area
Further comments	This is a presumed risk in all entities under Auditing Standards which we are required to address as part of our audit approach.

Audit response	Findings and conclusion
<p>We relied on haysmacintyre's audit work on this risk, and have reviewed their audit file and assessed the adequacy of their work and the sufficiency of the evidence obtained. We particularly referred to their consideration of:</p> <ul style="list-style-type: none"> <li>the appropriateness of general journal entries posted throughout the year and at the year-end for the preparation of the financial statements.</li> <li>accounting estimates, for indications of potential bias, and</li> <li>the business rationale for unusual or significant transactions outside the normal course of business.</li> </ul>	<p>No errors or control weaknesses have been identified as a result of audit work.</p> <p>The financial statements are free from material misstatement or error arising from management override of controls.</p>

## Fraud in revenue recognition

Detail	International Standard on Auditing (UK) 240, there is a presumed significant risk that management may fraudulently recognise revenue in the financial statements. Management may be incentivised to perpetrate fraud in revenue recognition because of the significance of revenue to an entity's performance measures and overall profitability.
Audit Impact	Income
Further comments	This is a presumed risk in all entities under Auditing Standards which we are required to address as part of our audit approach. HCPC's accounting policies for the recognition of income are also affected by the introduction of IFRS 15 – <i>Revenue</i> in 2018/19.

Audit response	Findings and conclusion
<p>We relied on haysmacintyre's audit work on this risk, and have reviewed their audit file and assessed the adequacy of their work and the sufficiency of the evidence obtained.</p>	<p>No errors have been identified as a result of audit work.</p> <p>We note that in conducting their work, haysmacintyre have identified that management has not yet fully responded to recommendations made in 2017-18 relating to an internal control issue over HCPCs processing of income. We do not consider that this impacts on the audit conclusion on the identified risk of fraud in revenue recognition.</p> <p>The financial statements are free from material misstatement or error arising from fraud in revenue recognition.</p>



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## Areas of Audit Focus

The following are matters which we considered had a direct impact on the financial statements but did not represent significant risks of material misstatement as defined by ISA (UK) 315;

- Non-current asset additions;
- Completeness of creditors;
- Completeness and valuation of staff costs; and
- Establishment of Social Work England and going concern assessment

As noted in our Audit Planning Report, this assessment is in line with the assessment of audit risk made by haysmacintyre. We have reviewed their work undertaken in response to each and concur with their conclusions, subject to the resolution of outstanding work they have detailed within their Audit Finalisation Report.

We have continued to monitor the developments in respect of the establishment of Social Work England and the timing of the transfer of registration of Social Workers to this new regulator. Whilst agreements have been signed for the transfer of the responsibility for the up keep of Social workers register from HCPC, an official date of transfer has not been publicly announced however it is expected to be in late 2019. The transfer will have a significant financial impact on HCPC going forwards as it will have to reduce its cost base inline with the reduction in income. We understand that HCPC has sought additional grant funding to assist with this transfer, in addition to funding provided by the Department for Education in the current year to cover the costs of transfer. HCPC are also looking to increase its fees from October 2019, if this does not gain approval then HCPC will need to further consider how this impacts on its forward plans.

In light of the above HCPC are content that they expect to be able to meet their liabilities as they fall due for at least twelve months from the date the accounts will be signed. Therefore they consider it remains appropriate to prepare the accounts on a going concern basis. This assessment appears reasonable however we will continue to monitor this assessment and request specific representation in the Letter of Representation.

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## **Financial statement disclosures**

We are content with the overall neutrality, consistency and clarity of the disclosures in the draft financial statements as well as judgments made in formulating particularly sensitive financial statement disclosures. We will review the final draft annual report and accounts to confirm suggested amendments have been made by management.

## **Accounting policies and financial reporting**

We have reviewed and considered the appropriateness of the judgements made by the entity on accounting policies.

We are content that the accounting policies are complete, accurate and compliant with the relevant standards and have been appropriately applied.

## **Regularity, propriety and losses**

We perform work in order to obtain evidence that HCPC's transactions in year are in line with Parliament's intentions, and to support the C&AG's regularity opinion.

As a part of this work, we:

- attend Audit and Risk Committee meetings and review all Council meeting minutes in order to identify any significant transactions which may be outside of HCPC's governing legislation and regulations, and
- review areas of expenditure where there is a higher inherent risk of irregularity – specifically, we consider any extra-contractual payments, particularly those made to related parties and HCPC staff.

We found no issues of irregularity or impropriety during our audit.

We have completed our audit of the 2018/19 financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Financial Reporting Council and with the audit planning report presented to the Audit and Risk Committee in November 2018.

We have also read the content of the draft annual report and the governance statement to confirm:

- their consistency with the financial statements and our understanding of the business;
- that the audited part of the remuneration report has been properly prepared; and
- that the governance statement has been prepared in accordance with HM Treasury guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the HCPC's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accounting Officer; and
- the overall presentation of the financial statements.

We are also required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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**Independence**

We are independent of the HCPC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities/public interest entities. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

Information on NAO quality standards and independence can be found on the NAO website:

<https://www.nao.org.uk/about-us/our-work/governance-of-the-nao/transparency/>.

**International standards on Auditing (UK)**

Under International Standards on Auditing (UK), we are required to communicate any findings relating to:

- Fraud,
- Going concern,
- The HCPC's compliance with laws and regulations,
- Significant difficulties completing the audit, or
- Disagreements or other significant matters discussed with management.

We consider that there are no additional matters in respect of items requiring communication to you that have not been raised elsewhere in this report or our audit planning report.

**Cooperation with other auditors****The 'first tier' auditors**

As set out more fully on page 4, we have performed procedures to confirm we are able to rely on the audit work of haysmacintyre, in line with our planned approach.

**Internal Audit**

We have not relied upon the work of internal audit, although we have considered all of their reports and their annual assurance opinion in forming our assessment of risk in the financial statements, and in our assessment of the Governance Statement.

**Management of personal data**

During the course of our audit we have had access to personal data to support our audit testing.

We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We confirm that we have discharged those responsibilities communicated to you in the NAO's Statement on Management of Personal Data at the NAO.

The statement on the Management of Personal Data is available on the NAO website:

<http://www.nao.org.uk/freedom-of-information/publication-scheme/how-we-make-decisions/our-policies-and-procedures/policies-and-procedures-for-conducting-our-business>

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## Appendices

New standard	Description	Relevance to HCPC
<p><b>IFRS 16: Leases</b></p> <p>Effective from 2019-20 for bodies that follow pure IFRS and specific bodies agreed by HM Treasury. For all other public sector bodies, effective from 2020-21</p> <p>HM Treasury have consulted on the public sector interpretation of this Standard for FReM bodies. Application guidance was issued in April 2019 which will allow time for public sector bodies to work through the impact of the standard on their budgets and forecasts.</p>	<p>IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short term (&lt;12m) leases. The proposals arise partly from the IASB's view that:</p> <ul style="list-style-type: none"> <li>disclosures around operating lease commitments have lacked prominence and tended towards understatement; and</li> <li>even in leases where the underlying asset is not acquired for its whole useful life, the lessee nevertheless acquires an economic right to its use, along with obligations to make good on minimum lease payments.</li> </ul> <p>These will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments. The lease liability will be measured at initial recognition as the value of future lease payments, with the asset additionally including any initial direct costs incurred by the lessee, plus an estimate of any dismantling/restoration costs. Subsequent measurement of both asset and liability will need to respond to any changes in lease terms.</p> <p>Successful transition will depend on organisations pro-actively capturing additional information about leases – new and existing – which they expect to remain in place at the date of adoption of IFRS 16, especially regarding future minimum lease payments. Organisations should also ensure systems for capturing cost information are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.</p> <p>There are no changes to the accounting requirements where you are acting as a lessor but disclosure requirements around risk exposure are required</p>	<p>HCPC has considered the impact of IFRS 16. We will revisit HCPC's processes for complying with IFRS 16 in our audit of the 2019/20 financial statements.</p>

[Investigation into healthcare penalty charge notices](#)

**(14 May 2019)**

In this investigation, we set out the facts about PCNs (such as the numbers issued, and the amount paid), as well as the steps the NHS Business Services Authority (NHSBSA) is taking to support those who have trouble understanding the system and/or paying the penalty charge.

Our investigation focused on:

- the entitlement to free prescriptions and dental care (Part One);
- the use of penalty charge notices to recover funds for the NHS and to deter fraud (Part Two); and
- improving knowledge about eligibility for exemptions (Part Three).

Free prescriptions and dental treatment are a significant cost to the NHS, so it is important that it can reclaim funds from people who are not exempt from charges and deter fraud. However, eligibility rules under the current system are complicated and difficult for people to understand, and NHSBSA still issues a significant number of PCNs that are later successfully challenged. Since 2014, NHSBSA has significantly increased the number of checks it carries out and the number of PCNs it issues but has only recently started taking commensurate steps to improve public awareness of the rules. A simpler system or better real-time checking will be important going forward in deterring fraud but not disadvantaging vulnerable people

[NHS waiting times for elective and cancer care](#)

**(22 March 2019)**

This review presents data on the NHS's performance against current waiting times standards for elective and cancer care in England, and some of the factors associated with that performance. It draws together existing evidence and analysis by the Department, NHS England, NHS Improvement and other stakeholders. We build on this evidence base with our own analysis to provide added insight into:

- changes in waiting times performance, and variations in that performance;
- the impact of waiting times performance on patients;
- the factors that influence waiting times performance; and
- NHS England's and NHS Improvement's approach to managing and improving waiting times performance.

At a time of financial restraint, the NHS has responded to growing demand for elective and cancer care by increasing the amount of treatment it provides. However, this has not been sufficient to maintain performance against waiting times standards, and some standards have not been met for some years. Cancer performance has been affected by increasing referrals resulting from the desirable choice to improve early diagnosis and survival rates. While increased demand and funding constraints affect the entire system, other factors are linked with differences in performance both over time and across trusts. These include staff shortages for diagnostic services, a lack of available beds, inefficient processes and, in some cases, patient choices.

**Use of digital technology in the NHS****(Late Autumn 2019)**

This study will examine whether the government's vision and plans to transform the NHS through digital services are implementable in the current health system. This includes looking at the strategy, barriers, governance structures and resourcing.

[www.nao.org.uk/work-in-progress/the-use-of-digital-technology-in-the-nhs/](http://www.nao.org.uk/work-in-progress/the-use-of-digital-technology-in-the-nhs/)

**Review of capital expenditure in the NHS****(Autumn 2019)**

This study will build on our 2019 report on NHS Financial Sustainability, which described issues with capital funding and planning. The study will review: the capital funding process and how it is administered nationally; access and availability of capital investment to NHS trusts and related bodies; and, local accounting methodologies on capital expenditure.

**NHS nursing workforce****(Winter 2019-20)**

The study will examine how the NHS ensures that it has sufficient nurses with the right skills and capabilities to deliver high quality, safe and sustainable care, with key lines of enquiry around: NHS's understanding of its current and future staffing requirement for nurses, and recruitment and retention strategies and plans. It will draw from our 2016 report on clinical staff planning, as well as other workforce planning reports undertaken by the NAO.

**NHS financial sustainability 8****(Winter 2019-2020)**

Scoping work for this study has just begun. As with previous financial sustainability reports, we will report on the NHS's financial performance in the previous year (2018-19). We are likely assess whether the reforms to financial systems and planning are progressing as planned, highlighting where the key risks to NHS service and financial sustainability remain. We are also likely to examine how well accountability arrangements are working, in the light of the re-alignment of NHS England and NHS Improvement.



**Guidance for Audit Committees on cloud services**  
(24 April 2019)

Public and private sector organisations are increasingly adopting cloud services with the aims of reducing costs, increasing efficiency and transforming their operations. Government policy supports this move but recognises that accessing systems through the internet can bring new contracting models and new challenges. Some organisations may lack the capacity or expertise to select the right product for their needs, implement it securely and manage it effectively.

Our guidance provides an overview of cloud services and outlines government policy on their use. It then sets out specific questions for audit committees to consider asking when engaging with their management at three stages:

- Assessment of cloud services – looking at cloud services as part of organisational and digital strategies; the business case process; and due diligence.
- Implementation of cloud services – considering system configuration; data migration; and service risk and security.
- Management of cloud services – covering operational considerations; the need for assurance from third parties; and the capability needed to manage live running

<https://www.nao.org.uk/report/guidance-for-audit-committees-on-cloud-services/>

**Framework to review programmes**  
(23 April 2019)

Setting out questions we ask when reviewing programmes, this updated framework gives new examples of good practice and lessons learnt.

Major programmes are expensive, high profile and carry great uncertainties and risks. It is not surprising that many fall short of their objectives, in terms of cost and/or outcomes.

The NAO has completed about 140 reports on major projects and programmes since 2010. Based on this experience, this framework draws together the key questions we ask when we review major programmes. It was developed for our value-for-money auditors to use when reviewing programmes but may be useful for those seeking an overview of our work on projects and programmes.

<https://www.nao.org.uk/report/framework-to-review-programmes/>

The Comptroller and Auditor General  
National Audit Office  
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Victoria  
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## LETTER OF REPRESENTATION: HEALTH AND CARE PROFESSIONS COUNCIL 2018-19

I acknowledge as Accounting Officer of the Health and Care Professions Council my responsibility for preparing accounts that give a true and fair view of the state of affairs, retained surplus, changes in reserves and cash flows of the Health and Care Professions Council for the year ended 31 March 2019.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Privy Council Treasury, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Health and Care Professions Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2019:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
- having considered and enquired as to the Health and Care Professions Council's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Health and Care Professions Council to conduct its business or on the results and financial position disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Health and Care Professions Council have been properly reflected and

recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and

- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the accounts.

## **INTERNAL CONTROL**

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with HM Treasury guidance on the Governance Statement.

## **FRAUD**

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Health and Care Professions Council and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

## **ASSETS**

### **General**

All assets included in the Statement of Financial Position were in existence at the reporting date and owned by the Health and Care Professions Council, and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Statement of Financial Position includes all tangible assets owned by the Health and Care Professions Council.

### **Non-Current Assets**

All assets over £5,000 are capitalised. Land and buildings were revalued as at 31 March 2019 with a full valuation carried out by professionally qualified Chartered Surveyors. Plant, equipment and intangibles are relatively low value items with relatively short useful lives, and are stated at historic cost of acquisition less accumulated depreciation and impairment losses as a proxy for fair value.. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Health and Care Professions Council's operations.

### **Other Current Assets**

On realisation in the ordinary course of the Health and Care Professions Council's operations the other current assets in the **statement of financial position** are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Health and Care Professions Council which are known, or may be expected, to be irrecoverable.

## **LIABILITIES**

### **General**

All liabilities have been recorded in the **Statement of Financial Position**. There were no significant losses in the year and no provisions for losses were required at the year-end.

### **Provisions**

Provision is made in the financial statements for:

- Dilapidation costs in respect of leased office space at 405 Kennington Park Road;

### **Contingent Liabilities**

I am not aware of any pending litigation which may result in significant loss to the Health and Care Professions Council, and I am not aware of any action which is or may be brought against the Health and Care Professions Council under the Insolvency Act 1986.

## **OTHER DISCLOSURES**

### **Results**

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Health and Care Professions Council, or circumstances of an exceptional or non-recurring nature.

### **Going concern**

I am satisfied that the HCPC is a going concern. I have reached this conclusion based on the budget for 2019-20, the five year plan, and the significant cash balances held by the HCPC, and have taking into account the planned transfer of social workers to Social Work England and planned fee changes.

### **Unadjusted Errors**

No adjusted or unadjusted errors have been brought to my attention as a result of the audit

### **Events after the Reporting Period**

Except as disclosed in the accounts, there have been no material changes since the reporting date affecting assets, liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

### **Management of Personal Data**

Except as disclosed in the relevant sections of the Annual Report, there have been no personal data related incidents in the accounting period subject to audit which are required to be reported.

**Marc Seale**

**Accounting Officer and Chief Executive**

**[Date]** (This must be the same date as the ARA is signed).

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND SCOTTISH PARLIAMENT**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Health and Care Professions Council for the year ended 31 March 2019 under Article 46(5) of the Health and Social Work Professions Order 2001. The financial statements comprise: Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Health and Care Professions Council's affairs as at 31 March 2019 and of the retained surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Work Professions Order 2001 and Privy Council directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Health and Care Professions Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health and Care Professions Council's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### **Responsibilities of the Council and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Work Professions Order 2001.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health and Care Professions Council's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## **Other Information**

The Council and the Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Privy Council directions made under the Health and Social Work Professions Order 2001;
- in the light of the knowledge and understanding of the Health and Care Professions Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**July 2019**

**Comptroller and Auditor General**

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