
Internal Audit report – HCPC Partners

Executive Summary

As part of the 2023-24 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken a review of HCPC Partners.

The objective of this audit was to provide assurance over the payment processes and the quality processes for CPD decisions and the contract lifecycle. BDO reviewed the policies and procedures that relate to payment processes across each relevant HCPC department. BDO reviewed policy documentation covering the CPD Assessment process for partners and tested a sample of 15 assessments to verify these had been conducted in line with the policy. BDO walked through and discussed each stage of the contractual lifecycle to assess whether the processes and requirements were appropriate.

Overall, BDO were able to assign a MODERATE rating to the design and effectiveness of the controls in place to manage Partners.

Previous consideration	The report has been reviewed by ELT
Decision	The Committee is invited to discuss the report.
Next steps	Recommended actions agreed with the Executive will be tracked for progress in the Committee’s standing recommendation tracker report.
Strategic priority	All
Risk	As detailed in the findings
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

HCPC

PARTNERS

INTERNAL AUDIT REPORT - FINAL
NOVEMBER 2023

LEVEL OF ASSURANCE:

DESIGN

MODERATE

EFFECTIVENESS

MODERATE

CONTENTS

1. <u>EXECUTIVE SUMMARY</u>	3
2. <u>DETAILED FINDINGS</u>	6
3. <u>DEFINITIONS</u>	12
4. <u>TERMS OF REFERENCE</u>	13
5. <u>STAFF INTERVIEWED</u>	14
6. <u>LIMITATIONS AND RESPONSIBILITIES</u>	15

RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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REPORT STATUS

LEAD AUDITOR:	Ian Williams
REVIEWED BY:	Heather Buckingham, Bill Mitchell
DATES WORK PERFORMED:	29 August - 4 September 2023
ADDITIONAL DOCUMENTATION RECEIVED:	7 September 2023
DRAFT REPORT ISSUED:	10 October 2023
MANAGEMENT RESPONSES RECEIVED:	27 October 2023
FINAL REPORT ISSUED:	01 November 2023



EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

DESIGN	MODERATE	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	MODERATE	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.

SUMMARY OF FINDINGS (SEE APPENDIX I)			# OF AGREED ACTIONS
H	0		0
M	2		2
L	0		0
TOTAL NUMBER OF FINDINGS: 2			

OUR TESTING METHODOLOGY COVERED THE FOLLOWING AREAS:

- Payment processes
- Quality and Value of Partner decision making - CPD Quality assurance framework
- Contractual Lifecycle

BACKGROUND & SCOPE

As part of the Health & Care Professions Council (HCPC) internal audit plan for 2023/24, as approved by the Audit and Risk Assurance Committee, we completed a review of partners.

Partners are HCPC registrants, members of the public and legal professionals who contribute their expertise to HCPC. They play important roles in the regulatory process.

Partner roles include: CPD Assessors, Legal Assessors, Panel Chairs, Panel Members, Registration Assessors, Visitors, ICP Chairs and Service User Expert Advisors. They provide the expertise HCPC need for its decision-making processes and ensure that they have good professional and lay (public) input on what HCPC do. HCPC engage with circa 650 partners who cover approximately 800 roles.

The Partner Project Lead is supported by one other team member and is responsible for the recruitment and training of HCPC’s partners and partner related projects. They are not responsible for the services provided by partners nor the quality assurance process of partners thereafter, as this sits within the individual business areas (i.e. Registration, Education, and Fitness to Practise).

The review followed the internal and PwC reviews, which were conducted in 2023. Both found deficiencies in HCPC’s internal arrangements to manage partners, including engaging with partners, paying them, training them, and managing and monitoring their performance and competency. Following these reviews, HCPC instigated a major change activity, although the detail of what should change had not been specified.

As such, this internal audit review focussed on the immediate needs for change, which mainly

encompassed the financial processes, quality of decision-making for CPD assessor decisions and the partner/HCPC contractual cycle.

PURPOSE

The objective of this audit was to provide assurance over the payment processes and the quality processes for CPD decisions and the contract lifecycle. We reviewed the policies and procedures that relate to payment processes across each relevant HCPC department. We reviewed policy documentation covering the CPD Assessment process for partners and tested a sample of 15 assessments to verify these had been conducted in line with the policy. We walked through and discussed each stage of the contractual lifecycle to assess whether the processes and requirements were appropriate.

CONCLUSION

HCPC have defined processes in place for managing partners, although these differ in efficiency across directorates due to some processes being ‘siloe’d’ and providing an inconsistent level of assurance. However, overall, we found procedures are being followed notwithstanding that there are separate guidelines for each activity area this aligned with the PWC report. We identified two findings of MEDIUM significance:

- ▶ There are inconsistent payment calculation practices across Education, Registration and Fitness to Practise (FtP) functions. Specifically, the latter requires manual calculations to be made using Excel spreadsheets, for which Finance cannot validate the basis of calculation due to a lack of supporting documentation.
- ▶ There are insufficiently defined policy requirements for CPD Assessments, which means that, while assessors are required to read submissions in full, there is no minimum time per assessment or a formal process to validate that the training attended was relevant to the user’s learning needs and provided sufficient CPD units.

Overall, we are able to assign a MODERATE rating to the design and effectiveness of the controls in place to manage Partners.



EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

- ▶ **Policy and process documentation:** The Fees and Expenses Policy for HCPC Partners, which came into effect in 1 January 2022, clarifies how payments made for Education, FtP and Registration partners are calculated and appears to cover all circumstances which would necessitate payments to partners outside of their normal remuneration. Fees charged for specific activities are clearly listed which should drive consistency in the payment process and thereby reduce the risk of inappropriate payments being made.
- ▶ **Process guides for departmental payment processes** (i.e., within Education, FtP and Registration) were produced within the last two years and consistently cover each step of the payment calculation process. We also observed that the latest policies were available to relevant staff through use of a shared drive or MS Teams folder.
- ▶ **Documentation covering the CPD assessment process** is relevant and provides sufficient detail to drive consistency in the process. The document outlays key risks to be considered (e.g. conflicts of interest, service user details not anonymised) and then includes information on how to complete the record of assessment for each type of decision (accept, further information, further time, reject), which ultimately appears to present clear guidance on how to determine whether registrants did not meet standards 1-5 and how to explain this in the necessary text fields.
- ▶ **Evidence of CPD checks performed:** We sampled 15 CPD assessments performed in August 2023 to verify that there was satisfactory evidence of review and supporting justification for the decision agreed upon. All were considered satisfactory, as there was a clear audit trail showing who completed each step and when, all included suitable records by two assessors, and all included a written justification for the decision.
- ▶ **Contractual Lifecycle:** There is a clearly defined process for onboarding new partners which appears consistent with good practice. This includes detail of

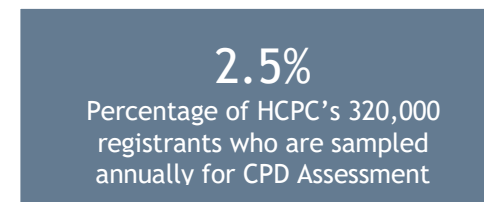
the initial screening procedures carried out by HCPC to filter out unsuitable applicants, e.g., those who are not eligible to work in the UK or who may have conflicts of interest. Overall, the documents reviewed covering the recruitment process evidence a clear framework for determining whether an applicant is a suitable partner, and the contract renewal process appeared reasonable with a clear step-by-step process documented in the master log maintained by the Partners team.

SUMMARY OF KEY THEMES

Despite the good practice noted above, we noted the following where HCPC can improve the partner payment and CPD assessment processes further:

- ▶ **Inconsistent payment calculation practices** - we identified that there is an increased risk of payment error for FtP (Fitness to Practise) payments due to a lack of supporting documentation for Finance to verify that calculations have been correctly performed in line with policy. Additionally, the payment upload process currently requires CRM output data to be manually copied to an Excel spreadsheet, increasing the risk of fraud or error in the process. (MEDIUM)
- ▶ **Insufficiently defined policy requirements for CPD Assessments:** While the policy requirements are clearly stated, and sample testing indicated that CPD Assessments were carried out in line with the requirements, the assessment process could be strengthened by including more specific checks, time requirements and sufficient quality assurance measures to ensure a minimum level of assessment work is performed per CPD profile. (MEDIUM)

USEFUL STATISTICS



DETAILED FINDINGS



DETAILED FINDINGS

RISK 1: Payment Processes: Incorrect or inappropriate payments made or inconsistent process across HCPC departments.

FINDING 1 - Inconsistent payment calculation practices across Education, Registration and Fitness to Practise (FtP) functions			TYPE
<p>To drive consistency in the payment process and reduce the risk of fraud or manual error going undetected, it is good practice for an organisation to adopt unified processes for payment calculation and authorisation across all of its departments and functions.</p> <p>We identified through interviews and document review that there are clear differences in the automation, and therefore overall reliability, of the processes for partner payments in Fitness to Practise when compared to Education and Registration. The ‘weak link’ for all three is the requirement for manual data processing in Microsoft Excel to create a spreadsheet suitable for upload to the WAP (Accounts Payable) system. This increases the risk that manual changes may be made without any accompanying explanation or appropriate highlighting.</p> <p>While the policy documents covering payments to partners are overall consistent across HCPC as an organisation, and satisfactory guidance on how to perform the procedures was evidenced, the procedures themselves are inconsistent. Some procedures are automated with a clear basis of calculation, while others are manual and do not appear to have a reasonable basis of calculation (FtP cancellation fees).</p> <p>For example, while payment calculations are mostly automated in Education and Registration due to the Dynamics 365 CRM system reporting output of activity and associated charges owed, the FtP process involves pulling a report from the Nexus system (which tracks hearing attendance and cancellation status). This should calculate whether cancellation payments are owed in line with the policy, but instead appears to calculate payments on a different basis. It does not measure if the affected partner was given more than five days’ notice and therefore not entitled to compensation. As such, this does not appear to be compliant with the Partner Expenses Policy.</p> <p>Finance is unable to reasonably check FtP cancellation data for errors due to a lack of access to the Nexus system or any supporting documentation. The Interim Financial Controller identified this after a concern over a payment request, which resulted in all partner payments being put on hold. Ultimately, payments were resumed due to internal concern over the reputational impact of contractual non-performance if owed payments were not made on time. Thus, the potential discrepancy remains and needs to be investigated and resolved.</p>			DESIGN & EFFECTIVENESS
IMPLICATION			SIGNIFICANCE
Where there are high levels of manual intervention required for the calculation of partner payments, and limitations on the second line assurance checks completed by areas such as Finance, there is a risk that payments are made incorrectly, and resources are not working efficiently.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>1. HCPC should:</p> <p>a) Review the process for calculating cancellation payments within the FtP directorate, and the methods of calculation. Consider whether the process can be redefined and updated to be more efficient.</p> <p>b) Ensure where practicable, all requests for payment which are derived from data in the Nexus system, include supporting documentation. Finance should then verify the payment charge is valid and has not</p>	<p><i>Uta Pollmann, Partner Project Lead</i></p> <p><i>Aihab Al Koubaisi, Financial Controller and Deborah Oluwole, FTP</i></p>	<p><i>[WE ACCEPT THE FINDINGS AND ADD THAT FURTHER ANALYSIS WILL BE COMPLETED BY THE END OF THE MONTH.]</i></p>	01 April 2024



<p>been previously paid.</p> <p>c) On a regular basis, assess whether upgrades can be made to its business systems to allow an automated transfer of payment data from the CRM system to the WAP system, which would remove the need for manual Excel spreadsheets as a delivery mechanism.</p>			
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DETAILED FINDINGS

RISK 2: CPD Assessment: Decision-making processes and supporting quality assurance mechanisms do not drive correct decisions and impact on the regulatory impact of HCPC, ultimately creating patient safety risk or damage to the

FINDING 2 - Insufficiently defined policy requirements for CPD Assessments and benchmarking	TYPE
<p>In order to ensure individual registrants have up to date skills and requirements, continuing professional development (CPD) assessments should be reviewed in sufficient detail to validate that relevant training activity has been undertaken. Good practice is to include clear guidelines on the methods of verification of CPD profiles (e.g., by spot checking the relevance and quality of courses from the submitted 24-month training history).</p> <p>Overall, Policy documentation for CPD Assessments we found to be clearly recorded. We verified from sample testing of 15 CPD assessments (from a total of 166) conducted in August 2023 (CPD assessments do not take place every month), that review activity was compliant with the Partner Expense Policy requirements, with all information correctly recorded on the CRM system. Assessments were undertaken by two assessors, one of whom must be qualified in the same field as the partner under review. The workflow in the Dynamics 365 system verifies that both assessors have completed all system-required checks (i.e., that they have reviewed the evidence and candidate declarations in full and found them to suitably evidence that all five CPD standards have been met), before a payment request is generated for approval and release.</p> <p>However, comparison against the CPD assessment policy for the Royal College of Anaesthetists (RCoA)¹, who have a similar policy to HCPC of using qualified subject matter experts to assess CPD submissions, we found that the minimum requirements for assessment at HCPC are less clearly defined and may not prompt as thorough review as intended. For example, there is no minimum expectation of time to be spent on undertaking an assessment, whereas the RCoA guidance suggests a minimum of one hour to verify that the CPD activity presented is genuine and sufficient.</p> <p>Additionally, the RCoA guidance details using a formal CPD unit system to verify that all courses/activities undertaken were suitable for CPD purposes (with reference to an internal RCoA Matrix) and that the overall volume of activity presented is sufficient. This involves completing a 'Event review for CPD approval' form in which assessors formally declare, whether the event itself is relevant to the partner's overall development.</p> <p>Overall, HCPC CPD assessment activity conducted during the review period was in line with policy requirements.</p>	DESIGN & EFFECTIVENESS
IMPLICATION	SIGNIFICANCE
<p>There is a risk that where there is limited guidance on how long CPD assessments should take, assessors may 'rush' assessments to maximise the number of assessments they undertake to maximise the fees payable. As a result, assessors may sign off inappropriate assessments, that could ultimately put patients at risk.</p>	MEDIUM

¹ <https://rcoa.ac.uk/sites/default/files/documents/2019-07/CPD%20event%20approval%20-%20guide%20for%20CPD%20Assessors.pdf>



RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>2. HCPC should:</p> <p>a) Review the process for CPD Assessments to include more specific detail on the expected time and review work to be carried out. This should specify how long assessments are expected to take, and if considered necessary, include a specific requirement to assess the CPD record and verify that a sample of courses provided a satisfactory level of training. For example, assessors could be required to score courses or other training activity with a determined amount of CPD units to indicate their effectiveness and then confirm whether a minimum number of CPD units have been accumulated by the partner during the two-year review period.</p> <p>b) Consider re-introducing a maximum number of assessments that an assessor can undertake in a specified period.</p> <p>c) Undertake periodic spot checks on CPD assessments to verify that the level of review is consistent with policy requirements, ie that there has not been a 'light touch' review which does not delve into the details of training and make a formal assessment of its suitability.</p>	<p><i>Uta Pollmann, Partner Project lead</i></p> <p><i>Vesna Maglov, Registration Manager</i></p>	<p>[WE ACCEPT THE FINDINGS AND ADD THAT FURTHER ANALYSIS WILL BE COMPLETED BY THE END OF THE MONTH.]</p>	<p><i>01 April 2024</i></p>



OBSERVATIONS

Formal scheduling of annual recruitment needs assessment

Whilst the recruitment planning documentation appeared relevant and overall fit for purpose, we observed that there is no formal scheduling for the annual assessment of recruitment needs. There is a risk that recruitment may not be performed early enough to prevent unnecessary vacancies. However, to date the review of recruitment needs has been carried out alongside the budget, so the risk of unnecessary vacancies due to unpreparedness is low.

Lack of centralised policy and documents database

We agree with the previous internal and outsourced PWC reviews of partner services, which identified concerns over a lack of a centralised policy and documents database. The lack of centralised documents restricts access to process documentation by other departments and increases the risk that policies may not be consistent across the organisation. This has arisen due to separate departmental procedures being in operation for the Education, Registration and Fitness to Practise (FtP) departments prior to HCPC's implementation of a CRM system, which have then continued to be managed separately. For example, the payment guidance is separate for each department, with Registration using the "NEW GUIDE Payments for Assessors and Assess Admin", FtP using the "Panel Payments Guide (Insight & Analytics)" and "Panel Report guide for ADJ Managers v1.2", and Education using the "Payment payments - amounts", "Partner payments - data required" and "Partner payments - requests process" guides. This means there are effectively six process documents which need to be consistently maintained, all of which are stored in separate repositories.

Minor observations regarding process documentation

We observed the following through review of audit documentation:

- The 'Assessment of Profiles' process guide lacks an assigned owner and issue date, although otherwise appears satisfactory.
- The Appointment and Selection Policy and Procedure is dated 2018 and does not include a version history to evidence it has been reviewed recently and was found to be up to date. However, the content appeared to be reasonable and included links to current policies such as the HCPC Partner Roles Restrictions and the HCPC Conflict of Interest Policy.

APPENDICES



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 =Green	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 Green Amber	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, which may put some of the system objectives at risk.
LIMITED Amber	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 Amber/Red	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: TERMS OF REFERENCE

EXTRACT FROM TERMS OF REFERENCE

PURPOSE

The purpose of this review was to provide advice and assurance over the payment processes and the quality processes for CPD decisions and the contract lifecycle.

SCOPE AREA	KEY RISKS	APPROACH
Payment processes	Incorrect or inappropriate payments made or inconsistent process across HCPC departments.	<ul style="list-style-type: none"> We identified & reviewed the policies, procedures and guidance documentation that related to partner payment processes across each relevant HCPC department. We verified whether guidance was consistent and up to date. We verified whether policies, procedures and guidance were available to staff. We interviewed staff and performed walkthroughs to establish partner payment processes and their authorisation processes in each department. We evaluated consistency across departments. We evaluated and recommended areas for improvement in design, based on good practice, including developing a unified process across departments.
Quality and Value of Partner decision making - CPD	Decision-making processes and supporting quality assurance mechanisms do not drive correct decisions and impact on the regulatory impact of HCPC, ultimately creating patient safety risk or damage to the credibility of the professions or HCPC.	<ul style="list-style-type: none"> We reviewed the design of the process through review of policies, procedure documents. We performed a walkthrough of the CPD assessment process with HCPC colleague(s), examining relevant example documentation and interviewing relevant staff. We understand the cost vs. impact considerations of quality assurance processes to provide insight into overall cost effectiveness. We sampled approaches taken by assessors to evaluate consistency and benefits of pairing.
Contractual lifecycle	<p>Insufficient people of the right calibre come forward and apply.</p> <p>Inappropriate partners are accepted.</p> <p>Onboarding requirements not undertaken correctly.</p> <p>Renewal of partner contracts without assurances on performance and quality.</p>	<ul style="list-style-type: none"> We walked through (with examples) and discussed with HCPC staff to ascertain recruitment, acceptance, onboarding, and renewal processes. We evaluated the design of these processes against good practice.



APPENDIX III: EXCLUSIONS/LIMITATIONS OF SCOPE

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. The planning, design and delivery of replacement processes, as recommended by PwC, can be considered as part of future internal audit work.

Our work is inherently limited by sampling risks and therefore will not provide assurance over all partner controls within HCPC. We are reliant on the honest representation by staff and timely provision of information as part of this review.

We will not review the selection process of partners, nor any matters relating to worker status.

APPENDIX IV: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

ANNA RAFTERY	HEAD OF QUALITY ASSURANCE	
DEAN BUTTON	INTERIM FINANCIAL CONTROLLER	
CLAIRE BAKER	OPERATIONAL MANAGER - HEARINGS	
JAMIE HUNT	HEAD OF EDUCATION	
JOHN DU	TRANSACTIONS TEAM LEADER	
NATALIE BERRIE	REGISTRATION MANAGER	
RICHARD HOUGHTON	HEAD OF REGISTRATION	EXECUTIVE SPONSOR
UTA POLLMANN	PARTNER PROJECT LEAD	



APPENDIX V: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

The audit sponsor is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit and Risk Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls cover the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion are subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate

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