

haysmacintyre

HEALTH & CARE PROFESSIONS COUNCIL AUDIT PLANNING REPORT

Year ending 31 March 2024

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Your core audit team



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Introduction

Scope

The purpose of this report is to confirm the arrangements for our audit of the consolidated financial statements of the Health and Care Professions Council (“the Council”) for the year ending 31st March 2024 and to give those charged with governance, being the Audit & Risk Committee and the Council an overview of our audit plan and the nature and scope of our audit work.

We conduct our audit in accordance with International Standards on Auditing (UK) (“ISAs”). Our audit objective is to obtain sufficient appropriate and reliable audit evidence to enable us to express an audit opinion on the financial statements of the Council for the year ending 31st March 2024.

Audit Plan

Our audit plan, key dates, proposed fees and other matters are set out in the following pages.

We have carefully prepared this plan based on discussions with management and we are satisfied that, if all elements of the plan are implemented, we will be able to complete high quality audit that meets your deadlines.

If you do not deliver to the agreed timetable or provide the audit deliverables at the agreed times, we cannot guarantee that we will be able to meet the audit completion deadlines set out in our audit plan. We may also need to deploy additional resources to ensure that our audit work is completed to the required quality standard which may cause a disproportionate delay to the completion of our work. In addition, it is highly likely that the audit will incur additional audit fees.

Audit Quality

Audit quality is our highest priority and we have chosen a suitably knowledgeable, skilled and experienced team. Our proposed audit fee ensures we can allocate sufficient time to enable the team to perform the audit work in accordance with the ISAs and best practice.

Respective responsibilities in relation to the audit of the financial statements

The Council are responsible for the preparation and approval of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Council’s ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>

Yours faithfully



Haysmacintyre LLP

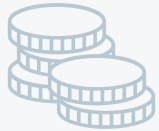
About haysmacintyre

An award-winning firm of chartered accountants and tax advisors providing advice to corporate and not for profit organisations.

Top 25 firm



located in
Central London



£52M

turnover

82%

growth over five years

10th

largest London auditor



88%

agree that haysmacintyre is a
great place to work

84%

of employees feel strongly
that they were able to be
themselves at work



450+

staff

39

partners

43%

female sector heads



Values

at haysmacintyre

**INTEGRITY
COLLABORATION
EMPOWERMENT
DYNAMISM**



**haysmacintyre
committees**

**CSR
Environmental
Diversity & Inclusion
Social**



**MSI
global alliance**

240+
Legal and accounting firms

100+
countries

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Risk assessment and materiality



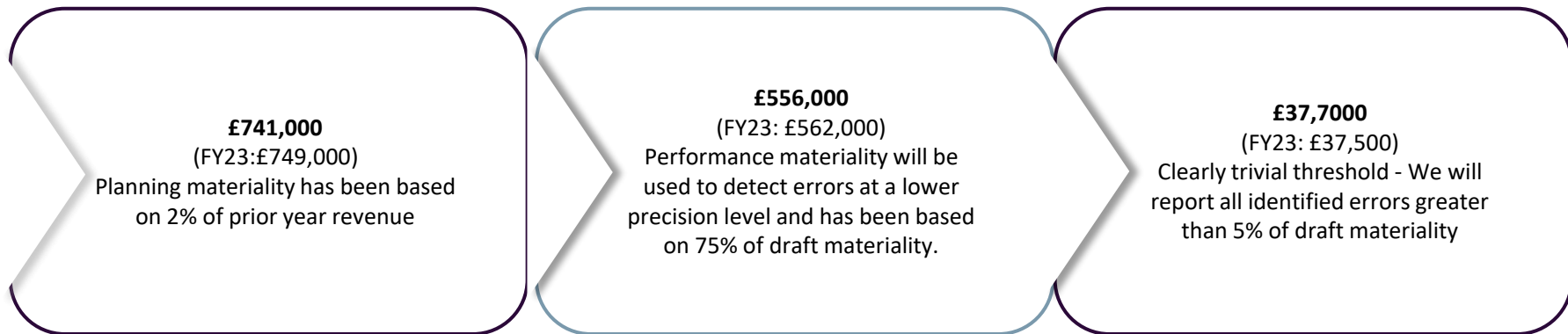
Materiality

We define materiality as the magnitude of misstatement that we expect would reasonably influence the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work.

In planning our audit work, we will give particular attention to those areas of the financial statements that we consider to be the most important in terms of materiality as defined above.

HCPC materiality FY24

Planning materiality has been based on forecast revenue as provided at the end of January 2024.



Revenue has been used as the basis for materiality because it is in our opinion the key driver of the accounts. Revenue is directly tied to the amount of professionals registered with HCPC and thus is affiliated with a key performance indicator.

Risk assessment : management override of controls

Significant risk: The risk of misappropriation of assets and the risks of misrepresentation of financial information

Significant risk detail: Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits.

Planned audit approach:

Risk assessment approach:

- We shall make enquires of management regarding their assessment of the risk that the financial statements may be materially misstated due to fraud, together with their processes for identifying and responding to fraud risks;
- We shall identify and assess the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures;
- We shall obtain an understanding of the entity's related controls, including control activities, relevant to such risks
- We shall obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks

Audit Responses – Our audit responses will include, but are not limited to:

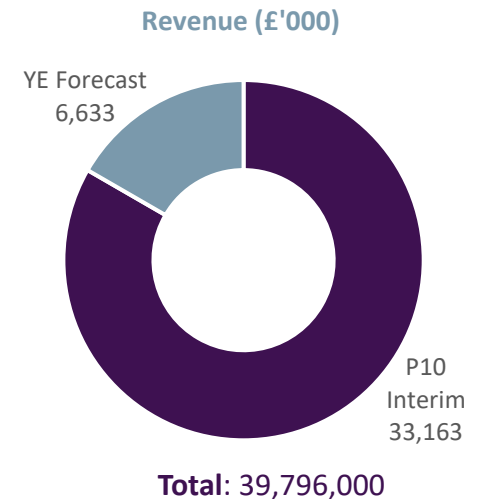
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewing accounting estimates for bias; and
- Testing and evaluating significant transactions that are outside the normal course of business or that otherwise appear to be unusual, to consider whether they were entered into for the purposes of fraudulent financial reporting or to conceal misappropriation of assets.
- Assessing the need to perform other audit procedures in addition to those specifically referred to above.

Risk assessment : fraud in revenue recognition

Area of focus: Fraud in Revenue Recognition

Significant risk summary: The risk of incorrect treatment of income under IFRS 15 resulting in the overstatement of revenue. In particular, there is a risk that fee income has been recognised in the incorrect period.

Planned audit approach:



Risk Assessment

Income is a significant area within the accounts, HCPC has had a historically high error rate in this area stemming back to issues found in 2021 audit which resulted in extensive work around fee income, deferred income and accrued income.

While improvements have been made in the systems and nature of income streams are predictable, we are unable to rebut the significant risk around cut off and recognition of deferred income.

Audit Approach

- We will plan and perform specific tests to assess the validity of revenue recognition in the period.
- We will rationalise registrants income based on registrant numbers as well as performing tests of detail on a sample of individual registrants to confirm that income has been correctly recognised.
- In particular, we will consider the recognition of deferred and accrued income.
- We will review and test the internal controls over the recording of registrant details on the CRM system and the periodic reconciliations with the finance system and any changes to these controls given the upgrades and changes to registrations and accounting systems and the difficulties we know to have been faced during the year in getting these reconciliations up-to-date.

Areas of Focus :

We consider the following to be areas of additional audit focus due to their value but they are not considered significant risks:

Risks:

Valuation of fixed assets: The risk that assets (particularly intangible assets such as the Case Management and Registration systems) have not been impaired appropriately or have been valued based on biased assumptions and thus creating a material error in the accounts.

Completeness of creditors: The risk that Council members' liabilities may be incomplete

Completeness of staff costs: The risk that related party disclosures and provisions may be incomplete

Audit Responses

- We will review third party valuation on the Council's property assets to ensure the values are appropriately stated and that any uncertainty over values is appropriately disclosed within the financial statements and auditors' report.
- We will review management's impairment review of intangible fixed assets and assess this for reasonability.
- Substantive testing to be carried out along with a review of post year end payments and purchase invoices to consider the completeness of liabilities. We will obtain third party confirmation of outstanding liabilities relating to fitness ton practice cases and reconcile this information with accrued costs recognised in the financial statements. Testing will be performed to ensure that only bona fide employees of the organisation are paid. We will also consider the accuracy of the disclosure of staff costs in the financial statements.
- Testing will be performed to ensure that only bona fide employees of the organisation are paid. A Remuneration Report will be included within the financial statements. We will liaise with the NAO to ensure that the report meets the necessary disclosure requirements.

A person wearing a blue suit is shown from the chest down, holding a black pen and writing on a white notepad. In front of them is a laptop. The background is a blurred office setting. The image has a dark, semi-transparent overlay.

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Internal controls & experts

Internal controls

Internal controls

ISA 315 'Identifying and Assessing the Risks of Material Misstatement' requires us to obtain an understanding of the control environment, system of internal controls, IT systems and controls and entity's risk assessment processes relevant to the financial reporting process, through performing risk assessment procedures and tests of the design and implementation of relevant controls.

After these risk assessment procedures are completed the nature and extent of our detailed audit procedures in response to the assessed risks, will vary according to our assessment of the accounting system and, where we wish to place reliance on it, elements of the internal control system relevant to the financial reporting process.

Where you have informed us that you have dealt with a particular risk by the introduction of supervisory, detailed or IT controls, if we consider it cost effective to seek to rely on these controls for audit purposes, we will test them and, if they are working effectively, we will reduce the time spent on other audit tests accordingly.

Our audit is not designed to identify all significant weaknesses in the systems but, if such weaknesses come to our notice during our audit which we think should be brought to your attention, we shall report them to you.



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Reporting and Independence

Reporting and Independence

Reporting

At the conclusion of the audit, we shall report to the those charged with governance (Audit & Risk Committee and Council) as follows:

- Audit report for HCPC.
- Audit Findings Report ('AFR'), including the management letter, to include discussion of control issues and recommendations, significant findings from the audit and emerging developments; and
- A schedule of errors that we identified during our audit work, which have not been adjusted for in the financial statements. The summary will not include errors that are 'clearly trivial'. We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will be included in the letter of representation.

Independence

Under the Ethical Standard published by the Financial Reporting Council we are obliged to consider all significant facts and matters that could bear upon our objectivity and independence.

We do not perform any non-audit services and therefore do not believe there are any matters that give rise to a threat to our objectivity and independence.

We confirm that, having considered the possible relationships between the relevant parties, that the firm and the audit team conducting the audit are independent from the company.

In conclusion, the audit engagement team, and Haysmacintyre LLP have complied with relevant ethical requirements and as such are independent of the Council.

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Fees and deliverables



Fees and billing schedule

	2024 £	2023 £
Audit of HCPC	51,150	46,500
Overruns	-	8,000
Total fees	51,150	54,500

All fees are exclusive of VAT and out of pocket expenses. Payment of our fees must be made within 30 days of the fee note.

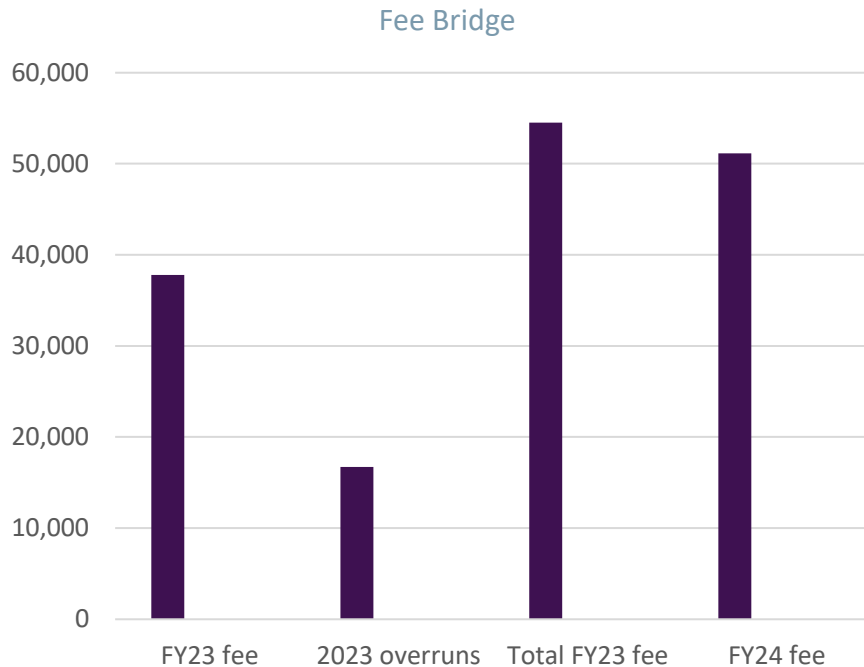
The proposed fee is on the basis that:

- Final figures, agreed audit deliverables and relevant, accurate, supporting schedules for all figures, a trial balance together with reconciled control accounts and all accounting records are available as set out in our deliverables schedules;
- The statutory financial statements are prepared by yourselves;
- Our audit planning information questionnaires are completed and returned on time
- There are no unforeseen accounting or auditing issues of a complex nature, which involve significant input of time from senior members of the team; and
- All deadlines with us are met.

We have assumed that you will prepare a year-end file and schedules that will be complete and available for the start of our audit fieldwork.

As agreed, you are preparing the financial statements. Usually, we expect to review three draft versions of the financial statements; if we have to consider more draft versions we will need to reconsider our costs and if necessary issue additional fees to cover our costs.

Fees and billing schedule (continued)



Explanation for changes in fees

The increase in fees for the period ended 2024 can be explained due to the following factors:

Inflation – the firm’s staff costs, like much of the audit market, have increased by approximately 10% in the past 12 months. The challenges of attracting and retaining talented auditors continues and we continue to keep pace with salary increases prevalent across the market.

Regulation - we continue to invest in new technology and people to respond to increasing regulation in the sector. The FRC requires firms to make changes, to improve audit quality, and we are making that investment to ensure we continue to provide a robust compliant audit and high client service. In the past year we have invested in a new digital audit system, Inflo Workpapers, and other technology that significantly enhances our audit approach. We have also strengthened our System of Quality Management and Audit Quality team through the recruitment of experts that support our audit teams.

Fees

Billing schedule

Our proposed billing schedule is as follows:

Stage	Date	£
Planning	March 2024	10,000
Fieldwork	June 2024	30,150
Completion	August 2024	10,000

Our approach

We recognise that the characteristics of an efficient audit share many characteristics with a high quality audit so have reviewed our audit approach to design and plan procedures which most efficiently provide sufficient appropriate audit evidence. For example, we are increasing the extent that we use technology to further improve audit quality and automate some of the more mechanical elements of an audit.

Our transition to a Digital Audit through Info Workpapers makes the audit process easier, faster and more collaborative. This system and other investments in technology such as in data analytics and file sharing software referred will help us to maintain an efficient audit process and are expected to minimise the time cost increases due to regulatory and other pressures.

The timely supply of information and documentation to the audit team also improves the efficiency and quality of an audit. We therefore require that all requests are actioned promptly, and timetables are adhered to.

Delays to the provision of audit information mean that the work is completed by the senior members of the team, which results in higher costs and overrun fees. Any delays in providing information or responding to audit queries may also result in unavoidable delays to the completion of the audit, meaning that the deadlines set out in the audit timetable will no longer be achievable.

Additional fees

We will charge additional fees if the scope of our work increases or if information is not supplied to us in accordance with the agreed timetable.

There are several factors that may increase the amount of work required, and hence our fees, including:

Additional/inefficient audit work

- Delays to the agreed timetable (i.e. providing figures, financial statements or audit evidence late);
- Auditing amendments to the figures and/or disclosures within financial statements;
- Complicated accounting matters not identified to us at the planning stage;
- Significantly longer post balance sheet period than planned;
- Additional audit risks/issues which have not been disclosed to us at the planning stage;
- Additional audit work on going concern;
- Component auditors not providing access to working papers or not performing adequate work; and
- Attendance requested at additional meetings.

A whiteboard is shown, densely covered with numerous colorful sticky notes in shades of yellow, green, blue, orange, and pink. The notes are arranged in a somewhat organized but busy pattern, suggesting a brainstorming or project planning session. The text 'haysmacintyre' is overlaid in the top right corner, and 'Appendices' is overlaid in the middle left.

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Appendices

Appendix 1: Glossary

International Standards on Auditing "ISA"s

The auditing standards for audits of financial statements include objectives for the auditor, together with requirements for all compliant audits together with related application and other explanatory material.

Significant Risks

An identified risk of material misstatement:

- (i) For which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or
- (ii) That is to be treated as a significant risk in accordance with the requirements of ISAs.

Management's expert

An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements

Auditor's expert

An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by an auditor to assist the auditor in obtaining sufficient appropriate audit evidence.

Materiality

We define materiality as the magnitude of misstatement that we expect would reasonably influence the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work.

Performance materiality

The amount which is used throughout the audit for the assessment of misstatements and to determine the extent of audit work required in particular areas.

Clearly trivial threshold

The amount over which we propose misstatements and will be communicated to you.

Appendix 2: Developments in Reporting & Auditing

We have identified the following as having implications for the entity's financial reporting and our audit work this year in addition to those identified as significant risks in Section 2 Risk Assessment

Impact of economic uncertainty on the year-end reporting and audit

The effects of economic factors such as slow economic growth, persistent inflation, increased costs of living and increased interest rates together with geopolitical uncertainties, for instance as the war in Ukraine continue to cause uncertainty for many businesses and consumers. The impact of these conditions together with increasing uncertainties surrounding entities exposures to climate change and their plans for the transition to a low carbon economy are likely to have an impact on the financial reporting process and financial statements.

These events and conditions are likely to have an impact on the Directors' judgements in respect of going concern assessments and disclosures, potential asset impairments and asset valuations.

Directors will need to review all areas of the financial statements that are subject to judgement and estimation uncertainty. The level of uncertainty may require forecasts to encompass a wider range of scenarios and assumptions used will need to reflect current predictions. Any material judgements and uncertainties must be disclosed.

Changes to the applicable reporting framework – International Financial Reporting Standards

There are no major new or amended IFRS standards coming into effect for accounting periods beginning in 2023, however the impact of the significant economic uncertainty referred to previously may change recognition and measurement of transactions and balances under existing accounting standards differently to prior periods.

For example, IAS 36 "Impairment of assets" requires entities to perform an impairment assessment at a period end as to whether assets within its scope may be impaired. IAS 36 includes a list of factors that could indicate that impairment has occurred. The impacts of slow economic growth, persistent inflation, increased costs of living, higher interest rates, and geopolitical uncertainties could all possibly represent a significant or further adverse change 'in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated' and therefore be a potential source of impairment.

Companies are expected to apply amendments to IFRSs that became applicable this year and disclose the expected impact of revisions that have been issued but are not yet applicable, if they are material.

Appendix 3: Audit quality and culture

Audit quality and culture

The culture, policies, and procedures adopted by the firm are designed to provide efficient, effective, high-quality audits while fostering a continual process of quality improvement.

The firm's strategy of improving audit quality has taken on greater importance given the government's plans published in May 2022 for 'Restoring trust in audit and corporate governance'. Before those plans are enacted, the firm's regulators, the FRC and the ICAEW, continued their drive to improve audit quality across the market, which combined with the government's plans make achieving improvements in audit quality a key priority for the firm.

Audit methodologies and procedures

The industry wide introduction of the significant new quality management standard (ISQM (UK) 1), with the emphasis on proactivity, underpins our continued quality improvement. Our System of Quality Management is critical and supports our strategy to actively manage risks across the whole firm, including both non-technology driven and technology-driven elements.

Our objectives include:

- *Audit culture*: embedding enhancements to audit quality consistently with a right-first-time culture, developing a framework to enable audit teams to use professional scepticism and challenge management
- *Methodology and training*: utilising the benefits of our new audit system, revising and improving audit methodology, and delivering relevant and timely training

- *Quality management and risk*: embedding ISQM (UK) 1 compliant processes including monitoring, remediation, and root cause analysis work
- *Technical and ethics*: enhancing our technical capabilities and resources to support our audit teams.

Our established audit methodologies provide structured workflows and promote discipline and compliance with International Standards on Auditing (ISAs) and other applicable regulations.

Within these common methodologies, our audit approach is then tailored to each client with each individual audit file specifically designed, planned, and tailored to reflect the nature and characteristics of our audit clients with the aim of maximising the efficiency and effectiveness of our audit work.

Partners and managers are involved at all stages of the audit and their expertise and knowledge, particularly of their specialist sectors and industries, is incorporated into our audits and included throughout the audit file.

Appendix 3: Audit quality and culture (continued)

Resourcing

Appropriately resourcing our audits allows us to improve quality and realise efficiencies. Within our audit department we have a five-team structure, around our sector specialisms, which is driving up audit quality and efficiencies. These focused and specialised teams drive collaborative team behaviours, provide a nurturing environment for our juniors through to our senior managers to learn from one another to improve audit quality and help the overall team success.

Audit technology

Technology will play a significant role in driving quality and efficiency within our audits.

We transitioned to Inflo Workpapers, our new innovative audit software for audits in early 2023. The new software drives greater audit quality through standardisation and automation, through the increased use of data analytics, and more effective and regular manager and engagement leader review throughout the audit process. In turn we anticipate this will enhance client value by offering new insights and differentiating outputs.

It will also help us continue to work flexibly and remotely.

Timing of audit work

We have used Inflo Collaborate significantly in the four years which has enabled us to improve the collaboration with our clients during this period of hybrid auditing and helped facilitate the earlier sharing of information to improve the timeliness and quality of our planning. Inflo workpapers incorporates project management tools and enhanced compliance functionality.

Continuous improvement

Our aim is to ensure that the firm's culture supports and nurtures continuous improvement in audit quality.

Further information about our commitment to audit quality together with our plans, policies and procedures to ensure and monitor audit quality can be found in our 2023 Transparency Report here:

www.haysmacintyre.com/about/transparency-report

Appendix 4: Related parties

ISAs also require us to consider the susceptibility of the financial statements to material misstatement due to fraud or error that could result from related party relationships and transactions. We are required to record all identified related parties and we would appreciate it if you could provide us with completed declarations for all those charged with governance and the senior management as part of the audit process.


Appendix 5: Timetable

Please see below timetable as discussed in the planning meeting held on 23rd February 2024

Date	Event
Delivery of planning data	26 th February 2024
Planning	26 th -27 th February 2024
Audit Committee to consider planning report	13 th March 2024
Planning (business processes)	8 th -11 th March 2024
NAO review of planning	TBC
Delivery of final audit data	17 th June 2024
Fieldwork sample selection	w/c 17 th June 2024
Fieldwork	w/c 8 th July 2024
NAO review of fieldwork	TBC
Completion meeting	w/c 29 th July (proposed)
Circularisation of final audit reports	5 th August (proposed)
Audit & Risk Committee meeting	18 th September 2024
Expected signing of accounts at Council meeting	TBC

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Registered number: OC423459

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Winner: Large Firm
of the Year 2023



An eprivateclient
top accountancy firm 2023



Top 15 auditor to quoted companies
in Adviser Ranking Listing