Audit and Risk Assurance Committee
9 November 2022

hcpc health & care professions council

Internal Audit report – Registrant Forecasting Review

Executive Summary

As part of the 2022-23 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken an audit of Registrant Forecasting.

The objective of this audit was to review HCPC's approach to estimating and forecasting changes in the numbers of registrants.

Previous consideration	None.
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	Understanding future registrant numbers is key to HCPC's planning and income projections, as fee income is a key source of revenue for HCPC.
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

HCPC

REGISTRANT FORECASTING REVIEW

INTERNAL AUDIT REPORT – Final

OCTOBER 2022

LEVEL OF ASSURANCE:

DESIGN	**MODERATE[1]**
EFFECTIVENESS	**MODERATE**

[1] Equivalent to 'Green Amber'

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CONTENTS

RESTRICTIONS OF USE

DISTRIBUTION LIST

FOR ACTION	Alan Keshtman	Head of Finance
FOR INFORMATION	Ife Ojo	Senior Finance Business Partner
	Jagana Abubacarr	Finance Business Partner
	Roy Dunn	Chief Information and Security & Risk Officer

REPORT STATUS

LEAD AUDITOR:	JACK SHOOTER
DATES WORK PERFORMED:	26/09/2022 – 20/10/2022
ADDITIONAL DOCUMENTATION RECEIVED:	20/10/2022
DRAFT REPORT ISSUED:	21/10/2022
MANAGEMENT RESPONSES RECEIVED:	23/10/2022
FINAL REPORT ISSUED:	24/10/2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)		
DESIGN	MODERATE (=Green/Amber)	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	1	🟥	
M	4	🟧	
L	3	🟩	
TOTAL NUMBER OF FINDINGS: 8			

BACKGROUND & SCOPE

As part of the Health & Care Professions Council internal audit plan for 2022/23, as approved by the Audit and Risk Assurance Committee, we completed an audit of Registrant Forecasting.

Understanding future registrant numbers is key to HCPC's planning and income projections, as fee income is a key source of revenue for HCPC. As at 9 September 2022, there were over 304,902 registrants, covering the 15 healthcare professions that HCPC regulates. Registrant numbers include UK qualified and an increasing number of international registrants. HCPC are keen to obtain student numbers who will be registering with HCPC, but this process is yet to be fully developed.

The management of registrant forecasting used to sit with the Chief Information Security & Risk Officer, but it has recently moved to Finance.

Our recent audit of financial modelling was completed as part of the 2021/22 plan. We found that HCPC's approach to financial modelling required improvement if they are to be used to forecast the organisation's income and resources required accurately. The audit was rated Amber/Red and contained four Priority 1 and six Priority 2 findings. This review will build on this work to assess whether improvements can be made to the way in which HCPC forecasts registrant income.

PURPOSE

The objective of this audit was to review HCPC's approach to estimating and forecasting changes in the numbers of registrants.

CONCLUSION

HCPC have a largely adequate model in place for its registrant forecasting.

Overall, the assumptions the model is based on are reasonable. For example, the model accounts for long-term changes such as the impact of Brexit on international applications, and the potential impact of Covid-19 on future student recruitment. We noted that for some of these long-term trends, work is currently ongoing to quantify some of the future adjustments required, such as the proportion of international applicants likely to be successful, and thus improve the model's accuracy. We also observed examples where parameters have been discussed and adjusted, due to unexpected variances arising.

We also noted that Input cells are clearly identifiable within the model, and guidance documents are in place which are accessible to staff.

However, as part of our work we have identified eight findings, of which one was assessed to be a high priority, four as medium and three as low priority.

Areas of improvement are needed in the extraction and subsequent importing of registrant data. We also found an assumption had not been correctly updated. This could be improved by including secondary reviews into the process to verify accuracy and completeness.

Attendance at monthly discussions on the model and outcomes are intermittent and therefore there is a risk that individuals within HCPC may have additional information which may affect the model, and thus the assumptions used which they do not relay. The model therefore may not be based on real time assumptions.

Furthermore, there is scope to improve the model by integrating financial calculations and reduce manual intervention with copying information from the model to the Finance model.

Whilst variance analysis capabilities are built into the model to highlight potential errors arising, it is not confirmed.

EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

► Assumptions within the model overall seem reasonable and consider both short term and long-term impacts on registrant numbers. For example, a long-term assumption is the impact of Brexit on international applications, and the potential impact of Covid-19 on future student recruitment.

► The input cells within the model are clearly identifiable, are included within one tab 'Reginp_m' and can be adjusted as required by the user.

► Guidance documents are in place for the model such as 'HCPC Registrant Model User Guide' which are readily accessible on HCPC's SharePoint. This provides guidance and support to model users on how data is inputted into the model, how the model report is generated and the methodology and coding used within the model.

► Variances and trends arising in the registrant data have been identified. Work is ongoing to quantify the required amended to the model parameters. *NB: We noted during the review that the model has been heavily affected by one off 'shocks' to the economy and professions, namely Brexit and the pandemic. It is therefore understandable that work to quantify the required adjustments remains an ongoing process, both in terms of understanding the patterns post these events and other more subtle changes that could be masked by those one-off events.*

SUMMARY OF KEY THEMES

Despite the good practice noted above, we noted the following where HCPC can improve the registrant forecasting process further:

► **Iteration Updates** – we identified input data is not consistently, correctly extracted and imported into the model and therefore registrant numbers can be forecasted incorrectly.

►**Assumptions:** Updates to the assumptions stated in the output report must be completed manually, with no cross-referencing currently in place.

► **Variances:** A variance function is included

within the model but the Forecasting team are unclear whether in practice this works. Here is no set defined parameter for when variances are investigated.

USEFUL STATISTICS

304,116 Total number of registrants at the end of August 2022	**15** Professions are under HCPC's management
6 Key qualitative assumptions stated in the output report	**£8.12** Phased increase in fees for registrants over 2 years

DETAILED FINDINGS

DETAILED FINDINGS

RISK: The model in place to predict registrant numbers is not based on reasonable assumptions.

FINDING 1 – Input data is not correctly entered into the model	TYPE
A defined input tab is included within the model. This allows both input parameters for assumptions applied within the model, as well as registrant application, registration and removal data to be added and adjusted as required. Registrant data categorised by occupation is imported manually and includes new registrants and applications from both the UK and internationally, as well as those removed from the register. We reviewed the registrant data applied as 'input' information for the most recent iteration of the model (1st of September 2022) and three prior model iterations (1st of July, 1st of May and 1st of January 2022) to ensure registrant data for the prior month was correctly and accurately manually imported into the model. We identified that for the January iteration of the model, the input data provided was not correctly extracted and applied within the model for new international applicants (ranging between under representation of 21 and over representation 226), and for the removals of biomedical scientists (overrepresented by 77) and chiropodists & podiatrists (overrepresented by 1). Additionally, no registrant data was included in the May iteration of the model for up to the end of April. We noted that the data had not been corrected on the most recent version of the model. The naming of input data extracted can be misleading. For example, the source of August 2022 registrant data for new international applications is labelled as "FY22 – Full Applications Total", suggesting that this is not the correct data for representing the number of new international applications. For example, within other iterations of the model, this document is labelled as "INTL APPS".	EFFECTIVENESS

IMPLICATION	SIGNIFICANCE
• Future forecasts may be generated using incorrect input data, leading to inaccurate forecasted registrant numbers, which may then be relied upon for decision making such as making critical financial decisions for registrant fees. • Inconsistent and unclear file labelling may result in incorrect input data being applied in the model which can then result in inaccurate outputs of registrant numbers being calculated.	HIGH

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. A reconciliation should be completed between the prior months' registrant data and historical data included within the model. Input files should be consistently and logically labelled for each iteration of the model, to allow for consistently and help prevent error. Registrant data extracted and subsequently imported into the model should be reviewed by an additional staff member to allow for a second pair of eyes oversight to help ensure model accuracy.	*Jagana Abubacarr – Finance BP* *Reviewer – Ifeoluwa Ojo, Senior Finance BP*	*This will form part of our month-end activities to ensure that both actuals and forecast figures are kept up-to-date. Our month-end timetable will include this as an action going forward.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place to predict registrant numbers is not based on reasonable assumptions.

FINDING 2 – Assumptions stated on the output report are not consistent with those applied in the model	TYPE
HCPC has made several reasonable assumptions for the model which includes assumptions surrounding future trends for registrant applications and removals from the register. To activate the registrant forecast, HCPC applies a percentage factor to the different categories of registrant data, such as the number of new UK registrants, to predict the number of registrants joining and leaving HCPC. Assumptions are included within the input tab of the model. When changes are made to the assumptions, they are filtered through to the other tabs within the model. These same assumptions are then also detailed on the output report produced from the model, under corresponding charts and analysis. During a system walkthrough, we confirmed that the standard procedure is to update the assumptions stated in the output report manually following the period end, and before the corresponding report is generated using the model. Our review identified that the percentage assumptions stated on the output report did not align with the assumptions used within the 'input tab' of the model. Specifically, a 90% assumption is stated in the output report for the number of future international registrations, yet a 200% assumption is applied within the model and thus it is not clear which assumption is correct and should be used to predict registrant numbers.	DESIGN

IMPLICATION	SIGNIFICANCE
• Where updates made to the assumptions applied within the model are manually updated within the output report there is a risk that errors and conflicting numbers are produced which can result in ambiguity as to which is the correct data and thus the accuracy of the registrant numbers being produced which ultimately are used for decision making purposes.	MEDIUM

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
2. We recommend that a method of cross-referencing is considered between the output report generated by the model and the inputs section, to prevent users from potentially being misled.	*Jagana Abubacarr – Finance BP*	*This exercise will become part of the regular periodic reconciliations for our month-end reporting.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place to predict registrant numbers is not based on reasonable assumptions. Appropriate analysis, sensitivity analysis and reporting can be undertaken using the model in place.

FINDING 3 – Attendance for monthly discussions regarding the forecasting model	TYPE
Monthly meetings are held between the Chief Information Security & Risk Officer and members of other teams such as Finance and Analytics, to discuss any trends which are likely to arise which could influence the number of registrants and thus the assumptions that the model is based on. Subsequently available data will then be gathered to try and predict the impact and thus utilised to adjust the assumptions applied within the model. These meetings and the outputs from the meetings help to ensure the forecasts generated for registrant numbers are as accurate as possible and are based on real time, reasonable assumptions. Whilst no formal meeting minutes or actions are recorded, we received evidence to confirm the meetings take place. Attendance for meetings is inconsistent, with some departments not being represented within meetings. Meeting attendance was advised to be consistent for the Chief Information Security & Risk Officer and the Finance and Analytics teams.	DESIGN

IMPLICATION	SIGNIFICANCE
• If relevant staff members from across HCPC do not attend the monthly discussions on trends that may affect the model and thus registrant numbers, important information may not be passed on to the Forecasting team, potentially compromising the accuracy of the model. For example, if the Education department do not attend and they are aware of new colleges/universities opening which may impact future numbers. • Without formal actions being recorded from the meeting, there is a risk that adjustments to the model are not made and the model is based on outdated assumptions	MEDIUM

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
3. We recommend that HCPC outlines a list of required attendees for each monthly discussion to ensure a representative from each relevant team is in attendance. Additionally, if staff members do not feel the need to attend, they should notify the Chief Information Security & Risk Officer confirming they have nothing to report which could influence the parameters set within the model. We recommend that formal actions are recorded based on the outcomes of the discussions which take place. This is to ensure that required adjustments to the model and thus the assumptions the model is based on are made timely and seem reasonable. It will also allow for any staff that could not attend the meetings to see what, if any changes have been made.	*Ifeoluwa Ojo – Senior Finance BP*	*We will create a specific Microsoft Teams Channel to collate the necessary documents, analysis and summary of actions and/or findings as part of ongoing meetings. This will also allow us to store 'live' files where appropriate action owners can provide input.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place is not simple, accurate and effective, and ensures the robustness of assumptions and forecast numbers generated

FINDING 4 – Model complexity	TYPE
During a system walkthrough, we confirmed that whilst there is scope to decrease the complexity of the model the Finance department requires a breakdown of the monthly variation of applicants, registrants and removals, by profession. It is understood that a simpler version of the model previously used was not as effective at fulfilling this purpose, hence the model was expanded into its current format. There is scope to increase the level of integration between the outputs of the forecasting model and calculating registrant income using the number of registrants predicted. Currently, the outputs of the model must be extracted and applied into the Finance team's model, rather than included within the same spreadsheet. Furthermore, it was noted that currently it is not easy for the Finance team to identify the number of registrants who have discounts such as student members, when making their registrant payments and instead must manually identify the numbers. This is clearly a limitation of the model in its current form.	**DESIGN**

IMPLICATION	SIGNIFICANCE
• Where there is manual intervention, for example extracting the number of registrants from the model and importing into the Financial model there is a risk that errors arise which can ultimately affect decision making and further numbers generated.	**MEDIUM**

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
4. a) Investigate whether it is possible to do an automated upload from the model into the Financial model. If this is not possible, consider whether the model can be adapted to include what is required for the Financial model with less manual intervention. A secondary check should be undertaken for all data extracted from the model that is incorporated into the Financial model to verify accuracy. 4. b) Consider if it is possible to incorporate and thus easily identify from the model the number of registrants on discounted registrant fees and those on full registrant fees to support the Finance team further.	*Jagana Abubacarr – Finance BP*	*This is happening already, to a certain extent, whereby registrant numbers are extracted from the CRM system to inform our financial figures. Further work will need to be carried out to incorporate this seamlessly as part of the overall process.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place is not simple, accurate and effective, and does not ensure the robustness of assumptions and the accuracy of forecast numbers generated.

FINDING 5 – Verifying the accuracy of the model's outputs	TYPE
The model is updated with new input data, including registrant data as well as assumptions, whenever a new output report is requested by the Finance team or at a minimum of a quarterly basis. Once completed, the model is then "clocked forward" and forecasted into the future. If no changes occur to the projected numbers in the model following this, the model is then investigated to ascertain the issue, and subsequently correct it. The primary criteria in place for investigation of any unexpected variances is 10% of the forecasted tolerances. These are for: • New UK registrants • New international applications • New international registrants Whilst the set parameter variance is included within the model, we were informed that the Chief Information Security and Risk Officer has yet to see the variance function work and is therefore unsure as to whether the function operates.	**DESIGN**

IMPLICATION	SIGNIFICANCE
• Variances in registrant data may go undetected, which may result in model adaptions not made and/or investigation into variances not taking place	**MEDIUM**

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
5. We recommend that the Forecasting team check whether the variance analysis built into the model operates as intended.	*Ifeoluwa Ojo – Senior Finance BP*	*Once the full handover of registrant forecasting is completed and the area is managed by the Finance Team, we will create specific reports to identify key variances for the specific areas of income and the key drivers for the movements between actuals and forecast.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place is not simple, accurate and effective, and ensures the robustness of assumptions and forecast numbers generated

FINDING 6 – Reconciling removals from the register	TYPE
During a system walkthrough, we confirmed that the model assumes approximately 2-4% of registrants are removed from the register based on the prior period figure, with a slight variation arising between each different specific occupation depending on the renewal cycle. This percentage figure can be adjusted as part of the inputs within the model. Each month, the actual numerical figure is updated based on the output from the internal Microsoft Dynamics database on the first working day of the month to reflect the position at the end of the previous month. Currently, the removals data will only be investigated if a sharp variance (not currently a defined amount / value) in data arises and if it is noted by either the Finance team or the Registrant Forecasting team. Additionally, periodic reviews only take place whenever a profession goes through the renewal cycle (every 2 years, varying months per occupation). There is no formal reconciliation process in place for the removal of registrants, nor any subject criteria requiring variances over a specific percentage to be investigated.	DESIGN

IMPLICATION	SIGNIFICANCE
• If reconciliations are not completed to compare the data from the registrant database and compare that to projections and historical data within the model, there is a risk that the removals data applied within the model is inaccurate, which can result in inaccurate registrant numbers being predicted.	LOW

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
6. We recommend that a formal review process is implemented for registrant removal data. For example, where the removals of registrants from the system is above a defined percentage threshold this should be investigated.	*Jagana Abubacarr – Finance BP*	*Ongoing discussions are already taking place as part of weekly meetings between Finance and Registration Operations. This area will be noted as a point of discussion for further information and the findings will be captured within the Registrant Forecasting Teams Channel, once it is created.*	*January 2023*

DETAILED FINDINGS

RISK: The model in place is not simple, accurate and effective, and ensures the robustness of assumptions and forecast numbers generated

FINDING 7 – Cell controls	TYPE
It is common practice for modelling spreadsheets to implement some form of cell controls. These help to ensure that historic or standing information, or formulae cannot be incorrectly modified by the user, and hence prevent models from being accidentally compromised. During our review, we noted that there are two different sets of cell controls in place for the model: ·Forecast tolerances ·A "check" page Forecast tolerances can be used to flag any large variances arising in projections generated by the model (see recommendation 4 above). This then increases the likelihood of the user noting a potential error which has occurred, before then subsequently investigating and verifying the issues. Similarly, a "check" page acts as a warning page within the model, to highlight to the user, of any issues which may have occurred when the forecast was generated. Currently, no cells are locked for historical data to prevent data from being modified, nor are they locked to prevent formulae from being modified Additionally, it appears there is no password protection implemented to restrict access to the model.	DESIGN

IMPLICATION	SIGNIFICANCE
• Users may access the model and make unauthorised changes, which could ultimately compromise the accuracy and integrity of the model and its output.	LOW

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
7. We recommend that password protection is implemented to prevent unauthorised access to the model We recommend that cell controls are placed on historical data, as well as on critical functions and formulae.	*Ifeoluwa Ojo – Senior Finance BP*	*Similar to previous comments, this will form part of the enhanced model that will be produced by the Finance Team.*	*January 2023*

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DETAILED FINDINGS

RISK: Clear guidance is in place for how to operate the registrant forecasting model

FINDING 8 – Training video	TYPE
User guidance documents are in place for the model, which sets out how data is entered and how output reports are produced, as well as outlining the methodology and coding applied. Alongside this, a training video was available to staff to support them when using the model. This took the form of a recorded Teams meeting, where a system walkthrough of the model was conducted. This highlighted where input data can be entered into the model, and how the parameters can be adjusted and so forth. We were informed that the training video was previously accessible on HCPC's SharePoint. The video is no longer in place, and it was thought that this was likely removed due to 'time-stamp' based deletion. Whilst this may be recoverable on HCPC's SharePoint archives, it is not currently accessible to other staff members.	**DESIGN**

IMPLICATION	SIGNIFICANCE
• Without a training video in place, there is a risk that users may not be able to follow the guidance for the model and use it correctly. This presents a risk that the model is not used and updated correctly and accurately which may result in inaccurate registrant forecasted numbers being produced.	**LOW**

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
8. We recommend that a new training video is implemented, or the old version is recovered, which provides a walkthrough of how the model operates. The new training video/recovered video should then be made accessible to other staff members.	*Ifeoluwa Ojo – Senior Finance BP*	*Upon completion of the new forecasting model, the Finance Team will produce the walkthrough video and store the file within the proposed Microsoft Teams Channel for Registrant Forecasting.* ***Note****. This will be the actual file and not a link to the file as a link will eventually expire and become inaccessible.*	*February 2023*

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.

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APPENDIX II: TERMS OF REFERENCE

EXTRACT FROM TERMS OF REFERENCE
PURPOSE
The objective of the audit is to review HCPC's approach to estimating and forecasting changes in the numbers of registrants – a key driver of HCPC's income.
KEY RISKS
The key risks considered within this area of activity were whether: • The model in place to predict registrant numbers is based on reasonable assumptions. • The model in place is simple, accurate and effective, and ensure the robustness of assumptions and forecast numbers generated. • Clear guidance is in place for how to operate the registrant forecasting model. • Appropriate analysis, sensitivity analysis and reporting can be undertaken using the model in place.
SCOPE
The following areas were covered as part of this review: • Reviewing the model used for registrant forecasting and assess whether the model is fit for purpose and reflects what is required. • Review the assumptions used for forecasting, frequency of forecasting and whether these seem reasonable. • Review and consider the robustness of the model for forecasting purposes and does the model and its controls mitigate for the risk of errors and inaccurate forecasts. • Review what guidance is in place for registrant forecasting, and does guidance sufficiently detail how users should use the model. • Review and consider reporting on registrant numbers and forecasted numbers and whether the reporting is accurate and allows for informed decision making.
APPROACH
Our approach was to conduct interviews to establish the controls in operation for each of the areas under review. • We have obtained documentary evidence to confirm that these controls were designed as described. We have evaluated these controls to identify whether they adequately addressed the risks. • We have obtained evidence of the satisfactory operation of the controls to verify the effectiveness of the control. • We have interviewed staff members and conducted system walkthroughs to ascertain the current state of the model, as well as the supporting mechanisms in place for its operation. • A closing meeting was held to discuss findings emerging from the review prior to issue of the draft report.
EXCLUSIONS
The scope of the review is limited to the areas documented under the scope and approach section of this document. All other areas are considered outside of the scope of this review.

APPENDIX III: 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.		
ROY DUNN	CHIEF INFORMATION RISK AND SECURITY OFFICER	
JAGANA ABUBACARR	FINANCE BUSINESS PARTNER	
IFEOLUWA OJO	SENIOR FINANCE BUSINESS PARTNER	
ALAN KESHTMAND	HEAD OF FINANCE	EXEUCTIVE SPONSOR

APPENDIX IV: 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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FOR MORE INFORMATION:

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