

Council 4 July 2013

NAO Audit Completion Report

Executive summary and recommendations

Introduction

The NAO Audit Completion Report is provided to Council for consideration.

Decision

The Council is asked to review and approve the NAO Audit Completion Report for 2012/2013.

Background information

The NAO audit of the 2013 report and accounts is complete and their report is attached.

Resource implications

None

Financial implications

Audit fee: £39,000

Appendices

Appendix 1- NAO Audit Completion Report

Date of paper

24 June 2013



National Audit Office

**REPORT TO THE ACCOUNTING OFFICER
AND AUDIT COMMITTEE
June 2013**

Health and Care Professions Council

**Audit Completion Report (including
Management Letter) on the financial
statement audit**

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of more than £1 billion in 2011.

Contents

Audit completion findings	4
Introduction	4
Actions for the Audit Committee	4
Overall conclusion and opinion	4
Status of audit	5
Audit performance	5
Significant risk findings	5
Other audit findings	9
Identified misstatements	12
Appendix One	14
Other matters of interest	14
Appendix Two	16
Letter of representation	16
Appendix Three	20
Proposed audit certificate	20
Appendix Four	23
Implementing last year's recommendations	23

Audit completion findings

Introduction

1.1 This report summarises the key matters from our audit of the 2012-13 financial statements for the Accounting Officer and the Audit Committee (those charged with governance¹). We would like to thank Tim Moore and his staff for their assistance during the audit process.

1.2 We have examined the 2012-13 financial statements in accordance with international auditing standards issued by the Financial Reporting Council. Our audit has been completed in accordance with the audit planning report we presented to the audit committee in September 2012.

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

Actions for the Audit Committee

1.4 The Audit Committee should:

- review the findings set out in this report, including the draft letter of representation and audit certificate at Appendix Two and Three respectively; and
- consider whether the unadjusted misstatements, set out in the identified misstatements section, should be corrected. The audit committee minutes should provide written endorsement of management's reasons for not adjusting misstatements.

Overall conclusion and opinion

1.5 The Comptroller and Auditor General (C&AG) will report his opinion to Parliament in the format set out in Appendix Three – Proposed audit certificate. The C&AG's certificate includes: an opinion on the truth and fairness of the financial statements; and an opinion on whether expenditure and income have been applied to the

¹ In accordance with International Standard on Auditing 260, those charged with governance are those people responsible for ensuring that the entity achieves its objectives concerning the reliability of financial reporting; effectiveness and efficiency of operations; compliance with applicable laws; and reporting to interested parties.

purposes Parliament intended and that the transactions conform to the authorities which govern them ('regularity').

1.6 The C&AG anticipates certifying the 2012-13 financial statements with an unqualified audit opinion, without modification.

Status of audit

1.7 At the date of presentation of this report, the following were outstanding:

- Completion of review of the final Draft Annual Report and Accounts
- Review of Post Balance Sheet Events
- Completion of NAO internal review process
- The Letter of Representation should be signed by the Accounting Officer at the same time as the annual report and accounts. A draft letter is attached at Annex A.

1.8 We expect our audit fee to be £39,000 as set out in our Audit Planning Report.

Audit performance

1.9 HCPC provided appropriate evidence in a reasonable timeframe to complete the audit without significant difficulty.

Significant risk findings

1.10 The significant risks of material misstatement identified at the planning stage of the audit were set out to you in our audit planning report. Our audit response to these risks, the findings and management's response to any recommendations we have raised are outlined in the table below.

Significant risks of material misstatement

Risk 1 - Outsourcing of payroll function

The payroll function of HCPC was outsourced to an external provider (Action file) in November 2012. A risk exists that;

- The controls put in place by HCPC are not sufficient to prevent erroneous payments being made, or to detect such payments; and
 - the new process will result in errors in the staff costs recorded in HCPC's annual accounts
-

6 Audit completion findings

Audit response

As part of our planning process we examined in detail the processes and controls that have been introduced to ensure that the correct information is passed to and from the payroll provider, including checks on changes to standing data and to ensure that correct payments are made to staff by the new provider. At subsequent audit visits we undertook further testing to ensure that the staff costs recorded in the annual accounts are correct.

Finding

Our testing on the controls found them to be adequately designed and they have been implemented effectively. No errors were identified in the detailed testing of staff costs.

Risk 2 – Procurement

During the completion of the audit work on the 2010/11 financial statements, NAO received an anonymous letter relating to HCPC's procurement process. The additional work that we undertook following receipt of this correspondence did not identify any issues suggesting irregularity in 2011-12 or in prior years. Our review did, however, identify weaknesses in HCPC's approach to procurement and we made a number of recommendations to HCPC Management for improvement in this area.

Audit response

Following our work at the end of last year's audit we examined the procurement process to establish whether our recommendations had been introduced. We also reviewed the process that HCPC has operated for significant procurement activities undertaken during the year. We sought confirmation that HCPC had adhered to relevant legislative requirements and assessed the process in place at HCPC for ensuring that it achieves value for money through its procurement activities.

Finding

HCPC is still in the process of establishing the new procurement policy. They have recently appointed a procurement manager who is taking forward the policy and will look to ensure that any new contracts entered into adhere to the policy once it is agreed by Council. No major contracts were awarded during the financial year. We will continue to monitor this process once the policy is agreed.

Risk 3 – Liability related to Flexiplan Scheme

One of HCPC's occupational pensions scheme is in the process of being closed. There is an on-going court case to ascertain the liability for each of the employers involved. In the previous two years HCPC's accounts have included a contingent liability disclosure for this scheme. Due to changes that may occur during the year, a risk remains that HPC's accounts do not adequately disclosed their liability in relation to this scheme.

Audit response

Prior to our final audit visit, the court case was completed and HCPC received a statement from the pension scheme trustees outlining HCPC's liability. As part of our audit work we considered the detail in the statement and the appropriate accounting treatment for the total liability disclosed in the financial statements.

Finding

The outstanding liability is shown within short and long term payables (£54k and £141k respectively); and provisions (£172k). This treatment is considered appropriate and no further issues are raised relating to the flexiplan pension scheme.

Risk 4 – Risk of Fraud through Management Override of Controls

The Auditing Standard ISA240 states that there is a risk in **all** entities that management override controls to perpetrate fraud. The standard required that auditors perform audit procedures to address this risk in the following areas;

- Journal entries
- Bias in accounting estimates
- Significant unusual transactions

Audit response

We undertook specific testing to address the risk involved in these areas and establish HCPC's processes for preventing any override of management controls

8 Audit completion findings

Finding

No issues were identified.

Risk 5 – Revenue Recognition

There is a presumption in *International Standard on Auditing (UK and Ireland) 240: The auditor's responsibilities relating to fraud in an audit of the financial statements* that there are risks of fraud recognition, in particular where performance is measured in terms of revenue growth or profit.

HCPC's reliance on fee income to cover costs, and the issues we identified with respect to revenue recognition in previous years, mean that revenue recognition is a significant risk to the income area and related figures.

Audit response

We undertook specific testing to address the risk of fraud in income recognition for income streams by reviewing HCPC's processes and gaining assurance over cut-off and completeness of this income.

Finding

No issues were identified.

Areas of Audit Emphasis

In the Audit Planning Report we also identified the following key areas of audit emphasis which would require special attention in our audit.

Transfer of Regulatory Function from the General Social Care Council

The regulatory function of the General Social Care Council (GSCC) transferred to HCPC on 1 August 2012. Four staff transferred from GSCC to HCPC but no assets or liabilities were transferred. HCPC received specific funding from Department of Health to cover additional expenditure relating to the transfer. The major impact on HCPC's financial statement in 2012/13 was the increase in expenditure and income as a result of the transfer of approximately 85,000 social workers into the HCPC register. From the work we undertook as part of our normal audit work on expenditure and income we consider that this new area of activity is properly controlled and has been brought to account correctly.

Purchase of Adjacent Building

During 2011/12 HCPC paid a deposit of £1m to the Evangelical Alliance towards the purchase of the adjacent building. Completion of this purchase took place in April 2013. We can confirm that the treatment of the deposit in HCPC's financial statements remains as it was in 2011/12 and that this is the correct accounting treatment

The incorporation of the adjacent building into HCPC's current estate at Park House is a major project for 2013/14 and beyond. The NAO, in light of our examination of many major government projects, has produced a guide called 'Initiating Successful Projects' which may be of assistance to HCPC as they embark on this major building project. This guide is available on the NAO website at:

<http://www.nao.org.uk/report/nao-guide-initiating-successful-projects-3/>.

Other audit findings

Observations and recommendations

1.11 This section outlines our findings from audit work on other areas of the financial statements (those not affected by significant risk/s), as well as management's response to our recommendations.

1.12 No significant findings that required reporting to those charged with Governance was identified, other than the fact that we will continue to monitor the procurement process as it develops over the next year.

Significant

- Major issues for those responsible for governance and senior management to consider, which may cause a material weakness in internal control.

Other

- Weaknesses identified in our audit, where actions could improve the efficiency and effectiveness of internal controls.

1.13 As outlined in our audit planning report our procedures included reviewing the internal controls and accounting systems and procedures, only as necessary for us to do the audit effectively. Audit findings and observations, therefore, should not be seen as a comprehensive statement of all the weaknesses in, or all improvements that could be made to, systems and procedures.

1. Director Disclosures in Remuneration Report [OTHER]

Observation

We included an observation and recommendation in our Interim Management Letter regarding Director disclosures in the Remuneration Report as follows:

In previous years only the remuneration of the Chief Executive and Council members has been disclosed in the Remuneration Report included in the Annual Report and Accounts. This was because the remainder of the Executive Management Team were not considered by HCPC to have responsibility for the strategic direction of HCPC. During 2012/13 we understand that there have been significant increases in responsibility for some Directors and so the extension of the disclosures in the Remuneration Report to include Executive Directors may now be appropriate.

The Treasury's Financial Reporting Manual (FReM) requires that entities prepare a Directors' Remuneration Report in accordance with the requirements set out in the Companies Act 2006 as interpreted for the public sector by paragraphs 5.2.16-5.2.21 of the FReM. The term 'directors' for the purposes of the Remuneration Report is interpreted in the FReM (5.2.6) as:

“The composition of the management board (including advisory and non-executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections with the reporting entity.”

We recommended that HCPC should consider whether any of its current Executive Directors, in addition to the Chief Executive, fall within the definition of 'directors' as set out in the FReM.

HCPC subsequently produced a paper which concludes that decision making is vested in the Council and that, therefore, there is no requirement under the FReM to disclose the remuneration of other Directors in the Remuneration Report and that no additional disclosures will be included in the 2012-13 Remuneration Report.

The conclusion reached in the paper produced by HCPC is consistent with our understanding of the business at this time. In our draft Letter of Representation (Appendix 2) we are seeking a formal representation from the Accounting Officer that he is content that no other HCPC Director meets the definition of a Director as set out in the FReM.

HCPC has proposed that an expanded but anonymised disclosure of senior salaries will be included in the Remuneration Report from 2013-14. This proposal is due to be discussed at the June Finance and Resources Committee meeting.

Risk	There is a risk that HCPC’s approach to Director’s disclosures in the Remuneration Report may become out of step with the reporting requirements set out in the Financial Reporting Manual (FReM) and with general practise.
Recommendation	<p>We recommend that the Remuneration Report disclosures required by the FReM are reviewed annually to ensure that HCPC continues to fully comply with these. That consideration should include a review of the role of Executive Management Team Directors to confirm whether they meet the definition of a Director as set out in the FReM.</p> <p>We also recommend that HCPC continues to review the remuneration disclosures made by broadly analogous entities so that it can consider whether its disclosures are in line with general practise.</p>
Management response :	We agree that the Council should review annually the requirements for disclosure of directors’ remuneration in the Remuneration Report.

1.14 We reviewed management’s implementation of recommendations made in our prior year Management Letter. Our findings are set out in Appendix Four – Implementing last year’s recommendations.

Financial reporting and accounting

1.15 In this section we discuss the quality, effectiveness and transparency of HCPC’s financial reporting, its accounting policy selection, and our audit findings regarding regularity and the internal controls.

1.16 We have no issues to raise on these matters

1.17 In addition, the Annual Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Regularity, propriety and losses

1.18 We have no issues to raise on these matters.

Internal control

1.19 We identified no significant internal control weaknesses.

1.20 Other matters of governance interest are set out in Appendix One.

Identified misstatements

2.1 During the audit we identified a number of misstatements that have been adjusted in the financial statements. Those above our clearly trivial threshold of £4k are detailed in the table below. The net effect of these adjustments on the Statement of Comprehensive Expenditure and the Statement of Financial Position was £86k.

	[SoCNE]		[SoFP]	
	Debit £'000	Credit £'000	Debit £'000	Credit £'000
Adjustments identified by HCPC				
Normal monthly deferred income adjustment that had not been made prior to the first draft of accounts presented for audit		351	351	
Legal advice accrual – identification of a late invoice	11			11
Corporation tax adjustment made following receipt of the tax computation after the first draft account was presented for audit	25			25
Adjustment identified during audit				
Reversal of Rates Accrual from 2006/07 that is no longer required accrual		85	85	
Pension accrual/provision following conclusion of the long running Flexiplan court case	314			314
Recruitment costs adjustment from staff costs to other operating expenditure	131	131		
TOTAL	481	567	436	350

2.2 Uncorrected misstatements have a nil impact on both net assets and the retained surplus. Management has not corrected these misstatements as they do not consider them material in the context of all the financial statements.

	[SoCNE]		[SoFP]	
	Debit £'000	Credit £'000	Debit £'000	Credit £'000
Overstatement of prepayment/accrual			144	144
Two of our sample of prepayments were found to be included in the prepayments balance and the accrual balances despite the fact that they related to amounts paid in the 2013/14 financial year and relate to expenditure for 2013/14. Both balances are therefore overstated and so this is considered to be an unadjusted error. The net effect on the SoFP is nil.				
TOTAL			144	144

Appendix One

Other matters of interest

Fraud

1 We are required by auditing standards to report to you if we identify a fraud, or obtain information that suggests a fraud may exist. Further details about the roles and responsibilities of those responsible for governance and the NAO are included in the audit planning report issued in September 2012. We found no such instances.

2 In addition, we are not aware of material weaknesses in how internal controls to prevent and detect fraud are designed or implemented.

Going concern

3 During our audit, we have not identified any material uncertainties about events and conditions that may cast doubt on the entity's ability to continue as a going concern.

Compliance with laws and regulations

4 During our audit, we have not identified any suspected or non-compliance with laws and regulations.

Disagreements with management

5 There are no audit disagreements with management about matters that , be significant to the financial statements to report.

Significant matters discussed with management

6 There have been no matters discussed, or subject to correspondence with management that are significant to the audit to report.

Cooperation with other auditors

Internal audit

7 We review the work undertaken by Internal Audit and use the findings of these reports where relevant to inform our audit approach and our consideration of the Governance Statement in particular.

Auditors' independence, integrity and objectivity

8 Our policy to ensure our auditors' independence, integrity and objectivity was set out in our audit planning report. Our statement on quality standards and independence can be found on our website:

www.nao.org.uk/about_us/what_we_do/audit_quality/quality_and_independence.aspx.

Overall, the threat to the audit from issues affecting our independence, integrity and objectivity is low, and safeguards ensure that the likelihood of any impact is low.

9 We have complied with APB ethical standards and, in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between us and HCPC that we consider to bear on our objectivity and independence.

Statement on personal data

10 During our audit we have access to personal data to support our audit testing. We have processes to hold this data securely in encrypted files and destroy it where relevant at the end of our audit. We can confirm that we have done this, as detailed in our Statement on Management of Personal Data at the NAO (www.nao.org.uk/Publication_Scheme/data_protection_review.pdf).

Appendix Two

Letter of representation

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
LONDON
SW1W 9SP

LETTER OF REPRESENTATION: HEALTH AND CARE PROFESSIONS COUNCIL YEAR ENDED 31 MARCH 2013

I acknowledge as Accounting Officer of the Health and Care Professions Council (HCPC) my responsibility for preparing accounts that give a true and fair view of the state of affairs, surplus, changes in reserves and cash flows of the HCPC for the year ended 31 March 2013.

In preparing the accounts, I was required to:

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

I confirm that for the financial year ended 31 March 2013:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
- having considered and enquired as to the HCPC's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the HCPC to conduct its business or on the results and financial position disclosed in the accounts;

- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by HCPC have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

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

INTERNAL CONTROL

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

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

FRAUD

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

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

ASSETS

General

All assets included in the statement of financial position were in existence at the reporting date and owned by HCPC, and free from any lien, encumbrance or charge, except as disclosed in the accounts. The statement of financial position includes all tangible assets owned by HCPC.

Non-Current Assets

All assets over £1000 capitalised. Apart from land and buildings, all other assets are valued at historic cost, as this is not materially different to fair value. Valuations are performed on an existing use open market value basis as required with a minimum interval of five years. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in HCPC's operations.

Other Current Assets

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

LIABILITIES

General

All liabilities have been recorded in the statement of financial position. There were no significant losses in the year and no provisions for losses were required at the year-end.

Deferred Income

The deferred income recorded in the financial statements represents the balance of fees received during 2012-13 or an earlier financial year, but which have been paid in advance and which relate to the period occurring after 31 March 2013.

Provisions

Provision is made in the financial statements for:

- the liability related to the Flexiplan pension scheme which has been wound up. Following the resolution of a court case relating to a technical point on the scheme it has been confirmed that HCPC has a liability with respect to this scheme. However, the scheme will be subject to an actuarial valuation in 2015 and so there is some uncertainty over the value of this liability from that date and so it was considered appropriate for the best estimate at this stage to be included as a provision.

I have considered the likelihood of any Monetary Penalty Notices being issued by the Information Commissioner's Office with respect to any data loss incidents and consider that this is remote.

Contingent Liabilities

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

OTHER DISCLOSURES

Results

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

Unadjusted Errors

The following unadjusted errors have been brought to my attention:

- an error of £144k relating to prepayments which have been included in both the prepayments balance and the accrual balance although that they relate to payments made in 2013-14 for expenditure also related to the 2013/14 financial year. Both balances are therefore overstated by this amount whilst the net effect on the Statement of Financial Position is nil.

I consider the effect of these unadjusted errors to be immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Events after the Reporting Period

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

Management of Personal Data

Except as disclosed in the Management Commentary, there have been no personal data related incidents in 2012-13 which are required to be reported.

Other Representations

The remuneration of Council members and the Chief Executive is disclosed in the Remuneration Report. The remuneration of the other members of the Executive Management Team (EMT) is not disclosed in the Remuneration Report. This is because none of the individuals on the EMT, with the exception of the Chief Executive, has a role which meets the definition of a 'director' as outlined in paragraph 5.2.6d of the Government Financial Reporting Manual (FRM).

Marc Seale
Chief Executive
July 2013

Appendix Three

Proposed audit certificate

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Health and Care Professions Council for the year ended 31 March 2013 under Article 46(5) of the Health Professions Order 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, its Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the Accounting Officer, the Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with Article 46(5) of the Health Professions Order 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Health and Care Professions Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health and Care Professions Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the

audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Health and Care Professions Council's affairs as at 31 March 2013 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Care Professions Order 2001 and the Privy Council direction issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Privy Council directions issued under the Health Professions Order 2001; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Appendix Four

Implementing last year's recommendations

1 We reviewed how management implemented recommendations made in last year's management letter. We have summarised the response and given our evaluation, based on our audit work on internal controls.

No.	Recommendation	Management's implementation
2	We identified during our testing that items that had been disposed of were still showing on the Fixed asset register. We recommended that HCPC undertake a review of their FAR to ensure that it is accurate, and a process is introduced to ensure that the Finance team is notified on a more timely basis of fixed assets disposals.	HCPC confirmed that a review of their Fixed asset register does take place on a regular basis and from our testing on disposal we can confirm that Finance is notified of disposals on a more timely basis
