Audit and Risk Assurance Committee

Meeting Date	16 September 2026
Title	Operational risk register update
Author(s)	Anna Raftery, Head of Assurance & Compliance
Executive Sponsor	Claire Amor, Executive Director of Corporate Affairs

Executive Summary

This paper replaces the annual operational risk register (ORR) report. As the ORR is currently being comprehensively reviewed in response to Internal Audit recommendations, reporting the existing register would not provide an accurate representation of HCPC's operational risk profile.

A full review of the ORR has been completed, resulting in a proposed register of 26 organisation-wide operational risks. Risks removed from the ORR have been identified as duplicates, no longer relevant, or more appropriately managed through departmental risk registers. The Senior Leadership team (SLT) is reviewing these proposed changes to ensure they are appropriate.

Workshops with SLT are planned for September 2026 to agree the final ORR, including risk scores, mitigating actions and ownership arrangements. Following implementation, the ORR will be managed by SLT.

This paper is presented to the Audit and Risk Assurance Committee (ARAC) to provide assurance on progress against internal audit recommendations and to update the Committee on the next steps in finalising the revised ORR.

ARAC is asked to note the progress made and the planned approach to finalising and implementing the revised ORR.

Action required	The Committee is asked to review the information provided and seek clarification on any areas.
Previous consideration	This paper has been considered by ELT
Next steps	Following completion of the review, ARAC will receive the revised ORR for scrutiny and assurance. Further updates will be provided through regular reporting on the implementation of the wider risk management improvement programme and internal audit recommendations.

Financial and resource implications	None as a result of this paper
Associated strategic priority/priorities	Supporting healthcare workforce development through proportionate, agile regulation Technology-enabled regulatory excellence and organisational sustainability
Associated strategic risk(s)	All
Risk appetite	Compliance - measured
Communication and engagement	None as a result of this paper
Equality, diversity and inclusion (EDI) impact and Welsh language standards	The ORR will consider risks related to EDI impact and the Welsh language standards.
Other impact assessments	None as a result of this paper
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

Operational Risk Register (ORR) Improvement Programme Update

1. Background

1.1 This paper replaces the annual operational risk register (ORR) report typically presented to the Audit and Risk Assurance Committee (ARAC). Given the significant review and redevelopment work currently underway, presenting the existing ORR would not provide a meaningful representation of HCPC's operational risk profile.

1.2 Instead, this paper provides ARAC with an update on progress against the Internal Audit recommendations and the development of a revised ORR that will provide a more focused and effective view of the organisation's most significant operational risks. The final revised ORR will be presented to ARAC once the review and validation process has been completed.

1.3 In June 2026, internal audit reported a limited assurance opinion over both the design and effectiveness of the HCPC risk management framework. The review identified a number of areas for improvement, including the quality, volume and governance of the ORR. Key findings included concerns regarding the excessive volume of operational risks, data quality issues, lack of clear escalation arrangements, and the need for a more consistent approach to risk management across the organisation.

1.4 In particular, internal audit noted that the ORR contained 145 operational risks and recommended that the HCPC undertake a full review of the register to ensure risks remained appropriate, reduce volume where possible, and consider moving lower-level risks to departmental risk registers.

1.5 The purpose of this paper is to provide assurance to ARAC that appropriate actions are being taken to address the Internal Audit findings relating to the ORR and that progress is being made towards implementing a revised operational risk management approach.

2. Progress update

2.1 Significant progress has been made in reviewing and redesigning the ORR in response to the internal audit recommendations.

2.2 A comprehensive review of all risks currently recorded on the ORR has been undertaken. This review assessed each risk against agreed criteria, including whether:

- the risk remains a current organisational-level operational risk;
- the risk duplicates another risk already captured in the register;
- the risk is more appropriately managed at departmental level; or
- the risk can be closed because it is no longer relevant.

2.3 As a result of this exercise, a proposed set of 26 risks has been identified for inclusion within the future ORR, subject to final review and challenge through planned Senior Leadership team (SLT) workshops. These risks represent those requiring organisation-wide operational oversight and management by SLT.

2.4 The remaining risks have been identified as duplicates, no longer relevant or active risks, or risks that are more appropriately managed and monitored at departmental level. Where risks are removed from the ORR, they will either be formally closed or transferred to the relevant departmental risk register to ensure they continue to receive appropriate local oversight and review.

2.5 The revised approach will ensure that the ORR remains focused on the most significant operational risks requiring organisation-wide oversight, while lower-level operational risks continue to be actively managed within business areas through departmental risk registers. This will support clearer accountability, improved prioritisation and a more proportionate approach to risk management across the organisation.

2.6 To provide assurance over the proposed changes, the SLT has been reviewing risks recommended for removal from the ORR to confirm that closure or transfer to departmental registers is appropriate and supported by current operational circumstances.

2.7 The review has also supported implementation of Internal Audit recommendations relating to reducing the volume of risks and improving the overall quality and usefulness of the register as a strategic management and governance tool.

2.8 As part of the wider risk management improvement programme, the HCPC is working with the Government Internal Audit Agency (GIAA) to implement the GIAA Risk Engine, an artificial intelligence (AI) supported risk management tool. The Risk Engine uses AI capabilities to assist users in identifying, articulating and assessing risks, and in developing appropriate controls and mitigations.

2.9 In addition to supporting operational and strategic risk management activity, the tool will be available for use by the Business Change team to support the identification and articulation of project risks, and by the Policy team to support the assessment and documentation of risks associated with consultations and policy development activities. The use of this AI assisted risk analysis tool will help to establish a consistent approach to risk assessment and documentation across the organisation.

2.10 During September 2026, a series of workshops will be held with the SLT to undertake a detailed review of the proposed ORR. These workshops will:

- review and challenge the proposed risk set;
- confirm final risk ownership;
- agree inherent and residual risk scores;
- review alignment with risk appetite;
- confirm mitigating controls and actions; and
- agree escalation arrangements into the strategic risk register where appropriate.

2.11 Following completion of the workshops, the revised ORR will be finalised and embedded within the organisation's risk management arrangements.

2.12 As part of the future operating model, ownership and management of the ORR will transfer to the SLT collectively. This reflects the intention to strengthen senior leadership oversight of operational risks and ensure ongoing challenge, review and ownership of risk management across the organisation. This approach also supports internal audit recommendations regarding governance, escalation and integration of risk management activities.

2.13 The decision to replace the annual ORR report with this update reflects the extent of the changes being made to the register. The review has fundamentally reassessed the purpose, content and governance of the ORR in response to internal audit findings regarding the volume of risks held within the register and the quality of the information recorded.

3. Financial and resource implications

3.1 The review and redesign of the ORR is being delivered using existing resources within the Assurance and Compliance function and through support from the SLT.

3.2 There are no additional financial implications arising directly from the work outlined in this paper.

4. Risk appetite

4.1 The ORR review supports improvements in the application of risk appetite across operational risks and responds directly to internal audit findings regarding inconsistent alignment between risk scores, target risks and appetite statements.

4.2 The September workshops will include consideration of risk appetite as part of the validation of risk scores and mitigating actions to ensure the revised ORR provides a more robust basis for risk oversight and decision-making

5. Conclusions and next steps

5.1 The review of the ORR has resulted in a significant reduction in the number of operational risks requiring organisational-level oversight, from 145 risks to a proposed final register of 26 risks. This work addresses a key internal audit recommendation and provides a more focused and manageable view of the organisation's most significant operational risks.

5.2 Key next steps are:

Activity	Timescale
Completion of SLT review of risks proposed for closure or transfer	August 2026
SLT workshops to review and challenge proposed ORR	September 2026
Agreement of final risk scores, controls and mitigating actions	September 2026
Implementation and user training for GIAA Risk Engine	September 2026
Finalisation of revised ORR	October 2026
Adoption of Risk Engine across Risk Management, Business Change and Policy functions	October 2026
Presentation of revised ORR to ARAC	November 2026
Ongoing management of ORR through SLT governance arrangements	From November 2026

5.3 The revised approach will provide a more robust, proportionate and strategically focused operational risk register and support delivery of the wider risk management improvement programme.