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## Internal Audit report – Reshaping the organisation

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### Executive Summary

As part of the 2020-21 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken a review of the HCPC's Transformational plan.

The main objectives were to ascertain:

- The forward plan and how it will be achieved. Whether it is sufficiently marked out and there are no major risks or pitfalls ahead that have not been anticipated, based on BDO's previous experience in other organisations
- Approach to the project so far is sound – planning, governance, risk, change management, documentation, communication, sufficiently agile and responsive.

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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	All
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

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# HEALTH & CARE PROFESSIONS COUNCIL

## INTERNAL AUDIT ADVISORY REPORT - FINAL

RESHAPING THE ORGANISATION  
SEPTEMBER 2020



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Reviewed by: William Jennings, B Mitchell

# 1 Executive Summary

## Introduction

- 1.1 This review was completed in accordance with the approved annual Internal Audit plan for 2020/21.
- 1.2 In December 2019, 95,947 Social Workers (25.6% of HCPC's regulated members) were transferred from HCPC to a new regulator representing a significant reduction in registration-related income. A revised three year I&E forecast undertaken by HCPC was presented to the Department of Health and Social Care in August 2019, which showed a total three year deficit of £10.97m, albeit supported by £2.9m of Grant Income received to support the exit of social workers.
- 1.3 Alongside changes in regulatory responsibilities, this prompted an organisation-wide transformation project, to help HCPC reach its vision of becoming 'the UK multi-professional regulator of choice, delivering lean and intelligent regulation'. Full delivery of the transformation plan is scheduled to take until the end of the 2021-22 financial year.
- 1.4 The objectives of the audit are 1) to give assurance that HCPC has a clear vision of its future organisational structure with reference to defined success factors; 2) that the work going forward has considered and anticipated the major risks and opportunities, and involved consultation with relevant stakeholders across the organisation; and 3) that the changes already being made are subject to effective, well-governed and good project management arrangements.
- 1.5 Our review did not duplicate the PwC review work conducted on the financial baseline and system strategy. Among other scope areas, we focussed on the potential risks and opportunities ahead for the digital transformation and the use of intelligence. A particular focus was on the risk of striking the right balance between short term digital solutions to fix immediate needs, yet retain a strategic focus and a coherent digital strategy in alignment with the wide transformation roadmap. The review excluded budgeting and financial modelling but considered if the projects themselves are budgeted adequately and the products are considerate of the objectives of longer term efficiency and effectiveness.
- 1.6 HCPC has set out a change plan has five key themes:
  - Achieving PSA standards.
  - Innovation & improvement.
  - People.
  - Efficiency & value.
  - Income.
- 1.7 From these overarching themes there are 12 key workstreams, of which management were focussed on 6, at the time of audit fieldwork, taking account of the high number of interim positions held at senior level at the time:
  - FtP stabilisation and sustainability.
  - PSA.
  - Organisational resilience and stability- organisation design for a permanent structure, organisation development & resilience.
  - Fees.
  - Budgeting and cost control.
  - Registration and project delivery.

## Review objectives and approach

1.8 The main objectives were to ascertain:

- The forward plan and how it will be achieved. Whether it is sufficiently marked out and there are no major risks or pitfalls ahead that have not been anticipated, based on our previous experience in other organisations.
- Approach to the project so far is sound - planning, governance, risk, change management, documentation, communication, sufficiently agile and responsive.

1.9 Thus, we aimed to ascertain whether an overall strategic vision has been created and communicated to drive transformational change, and the extent to which this had been led by and had the endorsement of Council. The extent to which the plans have been shared with the wider operational staff base, and the amount of departmental buy-in was also assessed, such as via stakeholder engagement.

1.10 The assignment focussed on interviews with senior and key staff and the review of current documentation. We interviewed twelve members of staff associated with the transformation project. The project documentation available for each of the six work-streams were reviewed, including how the programme and individual project areas have been governed, and whether risks have been documented.

## Key conclusions

 (Green-Amber)

Generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework or areas of non-compliance which may put achievement of system or business objectives at risk.

1.11 Overall, we found that transformational change is underway across the organisation. A comprehensive turnaround plan has been produced by professional consultants, outlining goals until 2022; and a high level transformation map used to outline intended progress for each year. The impact of Covid-19 has hastened many of the changes, with some new ways of working already in place. A digital strategy is being created, initially focussing on quick-wins. The predominant focus of the work so far has been on improving the FtP processes and implementing a new registration system, though change to Finance and HR structures have been implemented. An FtP business improvement operating model has been created, outlining root causes of key issues and actions, whilst the management information and KPI reporting processes have been overhauled and simplified. The transformation programme has been underpinned by consistent internal communications and workshops.

1.12 The programme is being overseen by Council, with good levels of ongoing monitoring of each individual workstream by SMT. Project management processes are being used for the major projects, and we generally noted good governance practices in place for these.

1.13 However, while short term workstreams are in place to achieve 12 specific priorities, colleagues interviewed indicated that it was not always clear how the transformation workstreams feature within HCPC's wider corporate strategy. The transformation plan outlines objectives from September 2019 - March 2020, 2020-21, and 2021-22, at which point the plan expects all the vision areas to be met. While HCPC is currently developing its broader corporate strategy, there is currently no formal corporate strategy to contextualise the shorter-term transformational change. There is, therefore, the risk that HCPC's transformation activity will be too focussed on the short / medium term, and so opportunities to implement change to achieve longer term strategic aims may be missed. Management are aware of the risk, but need to keep the risk in view through the transformation and strategy work.

- 1.14 In addition, HCPC is still formulating its wider digital strategy and its approach to managing data across the organisation. Individual lines of business have historically been responsible for their own IT applications and data, and from interviews with staff, there are still areas of IT activity that have yet to be mapped out.
- 1.15 Although we noted that staff 'pulse' surveys, and other wellbeing activities have been conducted to assess employee engagement and wellbeing more generally, from interviews with stakeholders, there may be opportunities for further focus on employee wellbeing and culture. At present, transformation plans have been mostly process based, whereas stakeholders considered some further focus on staff wellbeing and culture, specifically on the transformation programme and its wellbeing / cultural impacts, would be welcome and also help to deliver the changes needed. HCPC should continue to conduct surveys in order to embed and measure cultural change.
- 1.16 Finally, while the major aspects of the transformation plan (FtP and Registration) have robust project management tools in place, project management arrangements for the other workstreams, other than the SMT "ABCD" reports, were comparatively less formal and less clearly defined. Although each other workstreams' high level goals are presented in papers to Council, opportunities exist for more detailed portfolio project management governance to support the governance of the change programme as a whole. This will be increasingly relevant as HCPC moves to commence work on the second six of the 12 workstreams as there will then be multiple concurrent projects. Portfolio project management seeks to address financial, resource and time risks associated with multiple and potentially overlapping projects. Management's view is that current arrangements are sufficient to address these risks.

Recommendations summary table

1.17 The following table summarises the recommendations made across the key risks audited, grouped by priority ratings:

Key risk area	Rating	Recommendation Priority rating			
		1	2	3	
1 Clarity of vision of its future organisational structure with reference to defined success factors	Green	Amber	-	2	5
2 Consultation and engagement across with stakeholders	Green	Amber	-	1	-
3 Governance activity	Green	Amber	-	-	-
Total recommendations made			-	3	5

1.18 The following tables in Section 2 Key Findings show the results of our analysis by each key risk area. Areas for improvement are highlighted with the key recommendations in the right-hand columns.

## 2 Key Findings

Key Risk Area 1: The forward plan and how it will be achieved is sufficiently marked out

Assessment:

Green

Amber

### Background

Any major change programme should contain an overarching strategy and vision, with success factors and milestones, communicated through the organisation. We interviewed key members of staff and reviewed relevant documents pertaining to the transformation plan.

#### 1.1 Clarity of vision of its future organisational structure with reference to defined success factors

### Findings & implication

#### Positive findings

- A comprehensive turnaround plan was produced in September 2019, by professional turnaround consultants. This led to the production of a one page Transformation map which has been used as the main plan. It outlines specific goals until 2022, across the following areas: FtP & PSA, Lean & Intelligent, People HR & OD, Cost Rationalisation, and Income.
- A vision has been outlined, to which the transformation plan and map are aiming to achieve. These are: to be the multi-professional regulator of choice; lean and intelligent; financially stable; PSA compliant; viewed as experts, relevant metrics & reliable data; recognised externally as having best practice; gaining new professional cohorts.
- The vision led to a high level corporate plan, which went to Council February 2020, which clearly outlines the plans from January - July 2020. It sets out HCPC's priorities for the six months in the interim before the permanent Chief Executive was in place. The aim was to stabilise both FtP performance and the HCPC's finances, and outline what the Executive would achieve in the short to medium term.
- A total of 12 focus areas were identified, with six key work streams initially chosen by SMT to prioritise that are time critical, with the remaining six priorities to be progressed from July 2020 through to December 2020. Identifying the focus areas in this way has been an effective way to set out high-level objectives.

### Recommendation

1. HCPC should continue to formalise its corporate strategy, with a vision that extends beyond 2021, at the same time as implementing shorter transformational changes. In designing the longer-term strategy, HCPC should take steps to mitigate the risk that short term tactical decision making drives the strategic focus of the organisation. This can be achieved by regular reviews of the transformation work referenced against the development of the new strategy. Also, when the strategy is presented to Council, a cross-reference to the transformation work to show how they dovetail or where adaptations are required.

#### Priority 2

2. As part of the introduction of the new strategy to be approved in December 2020 HCPC should ensure that the standard formats of these documents include status updates on high-level milestones. In addition the strategy should be complemented with a high-level description of success factors indicating when each milestone will be considered to be achieved.

#### Priority 3

## Findings &amp; implication

- HCPC has considered and restructured teams to reduce the silo based way of working in a clear way. For example the Finance team has now been included within the wider SMT structure, and expanded to include a financial planning team to help HCPC focus on future financial projections.
- The success of working from home as a result of Covid-19 has contributed to the reshaping of organisation plans, with the capability of being a lot more mobile, in terms of remote hearings, FtP, buildings, and IT; a whole new way of working to now be considered. From interviews with staff we were informed that historically HCPC has been slow at responding to change however rapid changes have been required and introduced.

## Areas for improvement and implication

- From interviews with stakeholders involved in HCPC's transformation activities, we noted that although there was clarity over short term plans, stakeholders found it challenging to place transformation plans within the context of a wider HCPC strategy, although we note that discussions have commenced to address this. While we appreciate that a corporate strategy is currently being prepared, and that a plan for the second half of 2020 will be presented to Council in July 2020, there is a risk that short term transformation activity might not be aligned to longer term goals, and the short term tactical objectives might drive HCPC in a strategic direction that was unintended.
- Recognising that the Transformation Map used to govern the wider transformation activities is a high-level document, and is due to be replaced in December 2020, future versions of standard progress updates would be improved by showing completion progress to date and containing some more contextual detail about how each element of transformation activity will be achieved. As part of the standard format of high-level documents moving forward HCPC would benefit from these also showing some high-level contextual detail with information on progress to-date.
- As part of the Transformation Map and other transformation documents reviewed, project success factors, although having been considered, have not been formally identified. At a planning stage, clearly defining when a project has been successfully implemented can be helpful in focussing attention on achieving clearly defined outcomes, and for those charged with governance who were not involved in planning, project success factors will help clarify progress against key outcomes.
- Following the restructuring of the Finance team we noted that the team is involved in both the day-to-day financial management of HCPC, but also in the reshaping activities. There is currently one member of staff on long term sick leave and there is a risk that the capacity of the team will be stretched to both conduct business-as-usual functions while contributing to the reshaping programme.

## Recommendation

3. The sufficient resourcing of the Finance team should be re-assessed to ensure the team has sufficient capacity, particularly considering the change in structure and the colleague on long-term absence.

Priority 3



## Management response

Accept

Action: The Corporate Strategy is being crystallised in collaboration with stakeholders and there is now a reference point against which to reference the transformation activities to ensure they are consistent with the longer term vision. The Digital Transformation Strategy is being developed alongside the Corporate Strategy to mitigate against divergence. The developing Corporate Strategy includes high level success factors. Following approval this will be supported by an annual Corporate Plan and associated departmental plans which will provide more granular detail around milestones and performance metrics.

The resourcing of Finance is being reviewed in the light of project demands. The Director of Business Improvement has been retained until the end of December 2020 to continue to provide strategic support to the Finance team.

Action Owner: Chief Executive

Completion date: Q3/4 2020/1

1.2 Digital strategy

Findings & implication	Recommendation
<p><b>Positive findings</b></p> <ul style="list-style-type: none"> <li>• One of the transformation priorities is a ‘digital road map’ for the future. As such, a Digital Transformation Executive was appointed, and has set out guiding principles and the direction of travel for HCPC’s Digital Transformation in a paper to Council in May 2020.</li> <li>• A PWC Systems Strategy Review was also published in May 2020, with the key finding that HCPC should pause future technology systems spending commitments until they have defined their operating model and strategy.</li> <li>• An initial three month plan has been devised (May - June 2020), identifying quick wins, correcting known issues, implementing COVID processes, exploring creating efficiencies, focussing on user experience and data, and targeting people and strategy.</li> </ul> <p><b>Areas for improvement and implication</b></p> <ul style="list-style-type: none"> <li>• An overall digital strategy and long term vision needs to be continued to be created, ensuring it is coordinated with the overall business strategy. The organisational strategy and a business architecture should be developed alongside a digital or technical strategy, in order to avoid divergent paths and ensure the best outcome and utilisation of technology.</li> <li>• HCPC is still formulating its approach to managing data as an organisation. Individual lines of business have historically been responsible for their own IT applications and data, and from interviews with staff there are still areas of IT activity that have yet to be centrally mapped. Once a strategy and agreed roadmap is in place, HCPC needs to consolidate and define logically technological accountabilities.</li> </ul>	<p>4. As part of HCPC’s preparation of its long term corporate strategy, an accompanying digital strategy should be formalised setting out the intended strategic direction of digital and data governance. In this way the shorter term tactical changes can be aligned to a longer term aim and HCPC can formalise its IT infrastructure and governance frameworks.</p> <p>Priority 2</p> 
	<p><b>Management response</b></p> <p>Accept</p> <p>Action: The Digital Transformation Strategy is being developed in parallel to the Corporate Strategy. There has been collaboration across the organisation to validate the scope and ambition for the Digital Transformation. The strategy sets a long-term vision, details the digital transformation strategy and the strategic needs, and outlines an implementation roadmap. In addition it recognises that there is a need to regularly review to ensure it remains aligned to the organisational needs, current operating conditions and technological advancements.</p> <p>Action Owner: Executive Director of Digital Transformation</p> <p>Completion date: Q3/4 2020</p>

Findings & implication	Recommendation
<p><b>Positive findings</b></p> <ul style="list-style-type: none"> <li>The Business Improvement Director has created an FtP business improvement work plan and operating model which has focussed on identifying issues and implementing improvements. For example, a root cause analysis was conducted to identify the key issues and actions, which highlighted that cost management has been one of the causes of FtP issues.</li> <li>We noted good examples where issues were identified and as a result clear plans introduced to address those issues. Part of the FtP improvement work plan involved establishing a centralised decision making function. One issue with the previous triage system was that case managers were making decisions without independent review. Decision making has now been separated, and the serious case team has been re-introduced into the investigations process.</li> <li>We noted effective ongoing risk management activities, with the risk map used in the FtP process updated based on public protection, stakeholder complexity, and technical complexity, allowing for 12 risk combinations. This allows for different case build combinations based on risk, and will help inexperienced case managers to have a training and development path.</li> <li>A balanced scorecard approach to FtP performance is being created which focusses on key performance metrics relevant to FtP's wider performance, with case workflow reporting, decision making, and staff and finance reporting moving to every three months rather than each month. This is to allow for deep dives, leading to six month position statements.</li> <li>Alongside this Management Information (MI) dashboards have been designed, to reduce the current 62 page FtP report down to two pages, which will allow for more efficient and strategic visibility of performance information. The new MI plans now show age profiles, reporting on age of cases and has been developed to show how each risk profile flows through the cases and the time they take. This reporting is key to balance the needs of patient safety and protecting the registrant.</li> <li>Plans have appropriately considered quality control measures with Operation Managers acting as "Deputy Head of FtP", rotating on a 12 month basis, with the remit to focus on improvement and decision making.</li> <li>A business case was originally produced outlining £1.7m for a bespoke build for an FtP system, however we noted the change in digital strategy and so the new approach is to purchase a legal case management system that will do majority of what is required, off-the-shelf. A shortlist has been produced of five Case Management System (CMS) platforms used by top 500 legal firms, and a gap analysis produced, identifying that there is around a 75-80% fit. The indicative cost is £100k implementation and £50k per year. In this way we observed the principles of the wider digital strategy feeding through to existing workstreams.</li> </ul>	<p>5. Nearer the time of his departure, the detailed next steps of the programme that the outgoing Business Improvement Director intends, should be clearly documented, particularly those relating to transformation activities that have yet to be completed.</p> <p>Priority 3</p> <p>6. HCPC should ensure that as part of the intended CMS's introduction, the new system captures and reports on performance data in a way that enables efficient and accurate reporting for the intended scorecard approach, while also addressing previously identified issues with performance reporting in previous Internal Audit reports.</p> <p>Priority 3</p> <p></p> <p><b>Management response</b></p> <p>Accept</p> <p>Action: The Executive Director of Regulation has been recruited and the Director of Business Improvement contract has been until 31<sup>st</sup> December 2020. This will enable sufficient overlap to allow for a transfer of the Transformation Strategy for FtP.</p> <p>A substantive Head of FtP has been appointed who has responsibility for ensuring that the performance of FtP continues to improve. Executive oversight of these improvements will transfer from the Director of Business Improvement to the Executive Director of Regulation.</p> <p>Action Owner: Director of Business Improvement</p> <p>Completion date: End of Q3 2020/21</p> <p>Accept</p>

Findings & implication	Recommendation
<p><b>Areas for improvement and implication</b></p> <ul style="list-style-type: none"> <li>The Business Improvement Director exits from HCPC at the end of December 2020, extended from September 2020, to allow for key transformation activities to be completed. With past and potential future uncertainties in delivery timescales caused by Covid-19, HCPC will need to ensure that should the Business Improvement Director leave before transformation activities have concluded, sufficiently detailed hand-over activities take place.</li> <li>Whilst analysts within the business improvement team have been creating MI prototypes, a final specification needs to be created for business as usual development of the MI reporting. This will need to be developed alongside the introduction of the CMS, to ensure that the CMS can produce the desired data reporting in an efficient and accurate way. Some issues were identified with current MI reporting processes as part of our 2019/20 Fitness to Practise audit which highlight the importance of making improvements in this area. The usage of MI performance data is also the focus of two additional audits within the 2020/21 Internal Audit Plan.</li> </ul>	<p>Action: Evaluation of the 'Out of the Box' Management Reporting was a critical factor in selecting the proposed replacement CMS. The chosen product, ShareDo, has 'Out of the Box' Management Reporting above the minimum requirements of HCPC. The detail of the reporting is being defined in the Project Definition workshops being conducted in September 20.</p> <p>Action Owner: Director of Business Improvement</p> <p>Completion date: End of Q2 2020/21</p>

Internal Audit Advisory Report - Reshaping the Organisation

1.4 Registration

Findings & implication	Recommendation
<p><b>Positive findings</b></p> <ul style="list-style-type: none"> <li>A registration project is in place which focusses on a multi-year programme to replace the current system which has been in place for 10 years and nearing the end of its life. The supplier is no longer supporting the system and the regulatory field is changing rapidly. The project originally had three phases, but is currently being reworked with input from the Executive Director, Digital Transformation so that a new system is found which fits into the wider digital strategy of moving away from bespoke systems.</li> </ul> <p><b>Areas for improvement and implication</b></p> <ul style="list-style-type: none"> <li>Stakeholder interviews identified issues in the manner in which the registration department approach annotations to the Register that show where a registrant has additional entitlements, due to the completion of additional training. This was flagged as a complex area that may not have yet been considered as part of the changes to the Registration team / processes. It would be a valuable additional element to consider as part of the transformation of Registration activities.</li> </ul>	<p>7. The comments raised with regards to annotations to the Register should be considered as part of the future planning of improvements in this area.</p> <p>Priority 3</p> <p></p> <p><b>Management response</b></p> <p>Accept</p> <p>Action: A priority for the recently appointed Executive Director of Regulation is to develop their plans for the future of the Registration function. The comments regarding annotations to the Register will be part of these plans.</p> <p>Action Owner: Executive Director of Regulation</p> <p>Completion date: Q4 2020/21</p>

Key Risk Area 2: Anticipating the major risks and opportunities and stakeholder consultation

Assessment:

Green	Amber
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Background

Change plans need to consult with each level and area of the organisation, to ensure all viewpoints are heard and built into the plans. Buy-in is required for any transformation plans to be effective, and change processes need to be embedded as business as usual.

2.1 Consultation and engagement across with stakeholders

Findings & implication

Positive findings

- The transformation plan was developed by transformation team and presented to Council. From a strategic level it has been driven by the Executive, but included involvement and oversight from Council. From our review of Council meeting minutes we noted that every single Council meeting has been presented with a paper updating activities in the transformation plan.
- As part of the organisational resilience and stability workstream, a number of communication methods have been used, to engage employees with the transformation project. For example an all staff away day was held, where SMT presented the plans to employees. Two staff 'pulse' surveys have been conducted to assess employee engagement with the plans.
- An employee forum has been established, as there is no trades union in place. Staff representatives have been allocated, and there are regular meetings between the employee forum and SMT, to empower the next level down to look critically at how they operate. Employees have been asked to comment on how they feel their areas could be improved, which has fed into restructuring. The aim is to move away from the historic silo based ways of working.
- All job descriptions were reviewed in line with planned changes, as part of the restructuring within Finance, Education, and HR. Now FtP and Communications teams are restructuring and a similar exercise is taking place. The employee forum has been consulted with in advance of any business plans, to allow them to discuss and comment on plans before any updates are communicated with employees.
- We noted a number of examples of communications with the wider organisation, including all employee meetings, business improvement workshops and CEO blogs.
- Staff involved in the transformation process have received formal change management training delivered in workshops led by an external consultant. The internal training team then provided training on change management for managers throughout the organisation, and produced a digital online toolkit about managing change.

Recommendation

8. HCPC should consider conducting additional employee engagement activities to help embed and measure cultural change. While existing changes have been predominantly focussed on changing processes, HCPC should also ensure there is sufficient focus on cultural change and changes to staff wellbeing.

Priority 2



Management response

Accept

Action: Since the audit fieldwork was completed further employee surveys and engagement activities have taken place in relation to Covid-19 working, establishing a new normal post Covid and the development of the Corporate Strategy. Employee well-being has been supported through initiatives during Covid-19. A continued focus on well-being and shifting the culture of the organisation is reflected in the Corporate Strategy and will be further developed in the next Corporate Plan.

Organisational resilience and development continues to be a priority focus with progress being monitored by the SMT fortnightly.

Action Owner: Chief Executive and Director of HR and OD

Completion date: Q4 2020/21

## Findings &amp; implication

## Recommendation

- There has been a clear awareness of financial risks which have been discussed in ongoing budgetary discussion across all of the six workstreams, led by the Director of Finance. For FtP, Finance has been assisting with extracting information for financial modelling to enable more detailed dashboards and graphs. For the organisational resilience workstream, Finance have been working closely with HR to aid with their budgets, and support through tax advice and reporting of gender gap analysis. The fee increase was supported by reasoning from Finance. A quarterly rolling budget process is now in place, budgeting ahead for the 12 months ahead.
- The Strategic Risk register includes all elements of the six transformation workstreams, which is presented at each Audit Committee.

## Areas for improvement &amp; implication

- Whilst we noted that the plan has been communicated well across the higher levels of the organisation, operational staff interviewed did not feel they had a clear understanding of how the SMT's role operates currently, or will function in future, in relation to their levels or operational areas of responsibility. Some staff interviewed expressed a view that engagement on these topics could be improved.
- Employee surveys could benefit from being conducted more frequently, as the pace of change may impact on employee engagement. These could also be amended to target specific areas to evaluate viewpoints towards the change, rather than being conducted generally on an organisation wide level.
- Although we noted that staff 'pulse' surveys have been conducted to assess employee engagement, from interviews with stakeholders there may be opportunities for greater focus on employee wellbeing and culture. At present transformation plans have been mostly process based, and about being lean and restructuring, whereas stakeholders considered some further focus on staff wellbeing and culture would be welcome and also help to deliver the changes needed.
- In addition, although we noted a number of good examples of consultation with internal stakeholders, we did not observe examples of consultations with external stakeholders such as the registrants, the PSA or other regulatory bodies. We note that this is part of the next phase of the work.

Key Risk Area 3: Changes subject to effective, well governed and good project management arrangements

Assessment: Green Amber

Background

Change programmes need effective project management tools and governance to ensure they achieve their objectives, and that there is sufficient oversight of all areas and progress.

3.1 Governance activity

Findings & implication

Positive findings

- A HCPC Project Management guide is in place which has been presented to Council. This outlines how in 2019, Council agreed to begin to adapt the methodology to be supportive of agile development principles for significant change projects, so HCPC can respond to the changing regulatory environment and meet any strategic directional changes.
- Major projects are managed by the Project Management team, whereas departmental projects which are managed by a member of the owning department. HCPC has defined what constitutes a “major project”, which requires certain criteria to be met, such as: risk of reputational damage; significant public impact; or involving three or more departments.
- Workstream working groups are in place for the non-major projects, which report to SMT with weekly “ABCD” change reports; high level one page quadrant documents of what has been delivered against milestones, what’s next, and general feeling around progress such as concerns and challenges, using user-friendly graphics. It provides a useful, clear common format for SMT to report on, and there is opportunity for SMT to challenge each other and problem solve. These feed into to the reporting to Council.
- The FtP and Registration projects within the overall transformation project are being delivered as major projects. As such they have project boards that meet regularly, with actions and risk reviews, progress and updates, issues and risk registers. Business cases were produced, outlining analysis and approach, option choices, benefits analysis, NPV, links to strategic priorities, KPIs, project risk logs which we noted were regularly reviewed.

Areas for improvement & implication

- While the major aspects of the transformation plan (FtP and Registration) have project management tools in place, project oversight arrangements for the other workstreams use the “ABCD” reports and workstreams’ high level goals are presented in papers to Council. The potential risks are that the multiple work streams might not sufficiently synchronised; material interdependencies might not anticipated; or possible overlaps or gaps in coverage between workstreams not identified. Management consider the current arrangements will mitigate the

Recommendation

None



Management response

N/A

Findings & implication	Recommendation
<p>risks associated with the coherence and co-ordination of workstream activities. The current oversight may need to be reviewed as the transformation process progresses, although appears to be sufficient now.</p>	

## A Review objectives, Risks & Scope

Terms of reference	
Objectives	The objectives of the audit are to give assurance that 1) HCPC has a clear vision of its future organisational structure with reference to defined success factors; 2) the work going forward has considered and anticipated the major risks and opportunities, and involved consultation with relevant stakeholders across the organisation; and 3) that the changes already being made are subject to effective, well governed and good project management arrangements.
Key risk areas	<ul style="list-style-type: none"> <li>The forward plan and how it will be achieved is sufficiently marked out and there are no major risks or pitfalls ahead that have not been anticipated, based on our previous experience in other organisations.</li> <li>Approach to the project so far is sound - planning, governance, risk, change management, documentation, communication, sufficiently agile and responsive.</li> </ul>
Scope	Work will not duplicate the PwC review work conducted on the financial baseline and system strategy reviews. We will include the potential risks and opportunities ahead for the digital transformation and the use of intelligence. A particular current risk is striking the right balance between short term digital solutions to fix immediate needs yet retain a strategic focus and a coherent digital strategy and the wide transformation roadmap. Links will be made with the risk appetite work and there will be links with our other work on culture and the financial modelling. The review, however, will exclude budgeting and financial modelling but consider if the projects themselves are budgeted adequately and the products are considerate of the objectives of longer term efficiency and effectiveness.
Approach	The review will be undertaken mainly through MS Teams interviews of SMT members and review of business strategy plans and programme related documentation.

## B Review definitions

Opinion/conclusion	
 (Green)	Overall, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to attaining higher or best practice standards.
 (Green-Amber)	Generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework or areas of non-compliance which may put achievement of system or business objectives at risk.
 (Amber)	Weaknesses have been identified in the control framework or non-compliance which put achievement of system objectives at risk. Some remedial action will be required.
 (Amber-Red)	Significant weaknesses have been identified in the control framework or non-compliance with controls which put achievement of system objectives at risk. Remedial action should be taken promptly.
 (Red)	Fundamental weaknesses have been identified in the control framework or non-compliance with controls leaving the systems open to error or abuse. Remedial action is required as a priority.

Internal Audit Advisory Report - Reshaping the Organisation

Any areas for improvement are highlighted with the key recommendations in the right-hand columns. The symbols summarise our conclusions and are shown in the far right column of the table:

- Good or reasonable practice 
- An issue needing improvement 
- A key issue needing improvement 

Recommendation rating	
Priority ranking 1:	There is potential for financial loss, damage to the organisation's reputation or loss of information. This may have implications for the achievement of business objectives and the recommendation should be actioned immediately.
Priority ranking 2:	There is a need to strengthen internal control or enhance business efficiency.
Priority ranking 3:	Internal control should be strengthened, but there is little risk of material loss or recommendation is of a housekeeping nature.

## C Staff consulted during review

Name	Job title
John Barwick	Chief Executive
Neil Cuthbertson	Executive Director, Digital Transformation
Jacqueline Ladds	Executive Director, Policy & External Relations
Gordon Dixon	Business Improvement Director
Claire Holt	Director of HR & OD
Tian Tian	Director of Finance
Paul Cooper	Head of Projects
Claire Amor	Head of Governance
Katherine Timms	Head of Policy and Standards
Brendon Edmonds	Head of Education
Richard Houghton	Head of Registration
Laura Coffey	Head of FtP

We would like to thank these staff for the assistance provided during the completion of this review.

FOR MORE INFORMATION:

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