Audit Committee, 4 June 2019

Internal audit recommendations tracker

Executive summary and recommendations

At its meeting on 29 September 2011, the Committee agreed that it should receive a paper at each meeting, setting out progress on recommendations from internal audit reports.

Most of the information in the appendix is taken from the wording of the internal audit reports. The exception is the 'update' paragraph in the right-hand column, which provides details of progress.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to discuss the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

28 May 2019

Recommendations from internal audit reports

Recommendations summary

2019

Key Financial Controls Review – Transactions Team (considered at Audit Committee March 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	3
Low	2
Improvement	None

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
1	**Good practice** Automated processes and controls are more robust than manual controls as they are more efficient and less prone to human error. Where manual processes do exist, a pragmatic approach should be taken which balances the associated risks, benefits, and the time taken to undertake the work. **Finding** To ensure that HCPC can accurately process payments and refunds, and follow-up on overdue debt, the Transactions Team have to undertake a significant number of manual processes, reviews and validations. The current system, NetRegulate, does not have the functionality to automate any of the processes, and Management are currently implementing a new Customer Relationship Management (CRM) System which is more fit for purpose. This will be implemented in approximately two years, and significant work has already been undertaken as part of the requirements gathering phase. We understand that minimising the number of manual process was considered and a key aim when the requirements were drawn up for the new CRM system.	Medium	Management should review and analyse the current processes and controls in place which the Transactions Team operate, and assess whether they are fit for purpose and if there is an opportunity to streamline and simplify them. To guide this process, Management should assess time spent against benefits, value and risks. As an example, efficiencies could be gained through management using a risk based sample checking approach to reviewing transactions, as opposed to all transactions in some instances such as refunds. To specifically address the examples within the finding, Management, in consultation with IT, may wish to consider:	**Date Effective**: 30 September 2019 **Owner:** Transaction manager **Not yet due** This has been included in the transaction manager's annual objectives. Work hasn't started yet due to the team's focus on external audit and in preparation of the SWE project.

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	Through our fieldwork we identified numerous examples of labour intensive manual processes with multiple reviews and validations, all of which has significantly impacted on the time spent processing transactions within the Transactions Team. This has also contributed to a reliance on the Transactions Manager. The Transaction Manager is supported by a team, who are trained in elements of the process, and there has been a concerted effort to share responsibilities and increase training to address this issue. Some examples of complex manual processes are captured below. It should be acknowledged that our sample testing did not identify any transaction processing errors. Refunds In order to process refunds, there are three different levels of review. The Transactions Manager, Director of Finance and Treasury Accountant all perform varying degrees of reviews, including some duplication, before refunds can be processed. Non-payment from registrants The HCPC regulation stipulates that three payment request letters are required at different time frames (giving 21 days, then 14 days, and then a final removal notice on the 36th day). Manual calendar reminders are created within Outlook to prompt the issue of notice letters. This could be time consuming considering the volume of letters and the fact that the Transactions Manager will manually count the number of days of when the letter should be sent. The content of the payment request letters is populated through NetRegulate and MailMerge (automated addition of names and address from a database to letters), however the Transaction/Finance Officers need to manually amend the fee within the letters before these are posted. A sample of the letters is reviewed by a separate member of the transactions team, to ensure the values have been input correctly. **Risk** Overly complex manual processes are inefficient, time-consuming, and are more susceptible to human error. This risk is magnified where there is on over-reliance on key persons to perform manual processes and controls, as observed with the current Transactions Manager.		• Whether there an opportunity to remove and consolidate review steps in relation to processing refunds. • What mechanisms / applications can be utilised to set automated reminders for when payment request letters are due to be sent out. For example a spreadsheet with formulae and conditional formatting could flag when items are due. • Whether Netregulate or a mail merge function can auto-populate the fee value to be inserted into the payment request letters.	

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
2	**Good practice** Process and procedure documentation should be in place for all core processes and should include an adequate level of detail to provide clarity to those unfamiliar with the ways of working and to drive a consistent approach. Policies and procedures should also capture the document owner, as well as past and future dates for review. **Finding** From a review of core policies and procedures which govern the Transactions Team, Registration Operations Team and Financial Accounting Team's operations, there were instances identified where documents do not clearly capture key processes and controls and where processes are not documented. Significant reliance is also placed on the knowledge of key personnel within HCPC. Specific observations include: • There is no detailed process document in place for credit controls. Although there is a process map, this is high-level and does not contain sufficient detail to re-perform the task without guidance from management. • Fitness to practice cases are complex and decisions on whether registrants should be contacted for fees are based on a complex set of outcomes from the case. There is currently no documented guidance in place for the Registration Operations Team in relation to contacting registrants on fitness to practice cases on unpaid fees. • From our discussions with the Treasury Accountant we understand that the bank reconciliations process document does not reflect the current practice. The document does not specify the owner and review dates. • The Director of Finance's payment authorisation limit is £25,000, which is documented in a July 2018 council meeting paper. From our discussions with the Director of Finance we understand that she is able to delegate an amount to other managers in the team at her discretion and has delegated an authorisation limit of £10,000 for	Medium	Management will implement the following actions: • Develop a detailed process document for credit control related activities. • Produce a process document to provide guidance to the Registration Operations Team in relation to chasing for payments from registrants in fitness to practice cases. • Update the bank reconciliations process document to reflect the current process in place. • Management should ascertain whether the Council intends the £25k delegated amount to Directors to be sub-delegated without the Council's express authorization. Based on the outcome of discussions with the Council, Management may have to document the delegations of authority capturing the Director of Finance's delegations. • Update all policies and procedure documents to capture the owner and dates of review.	**Date Effective**: 30 September 2019 **Owner:** Transactions manager **Not yet due** **Date Effective:** 30 June 2019 **Owner:** Registration Operations manager **Not yet due** Current process documentation is in the process of being reviewed **Date Effective:** 30 June 2019 **Owner:** Head of Financial Accounting **Not yet due** Agreed management action is in the Treasury Accountant's objectives and due in the second quarter. **Date Effective:** 31 July 2019 **Owner:** Director of Finance **Not yet due** To be reviewed as part of the full review and update of the scheme of delegation. **Date Effective:** 30 September 2019 **Owner:** Transaction manager Registration Operations Manager Treasury accountant / Head of Financial Accounting. **Not yet due** Agreed management action is in the Treasury and Financial Accountant's

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	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	some expense items to the Head of Financial Accounting. These delegations are not documented and it is unclear whether the Council intends the £25k delegated amount to Directors to be sub-delegated without the Council's express authorization. • Detailed process documents are produced by the Transactions Manager on banking and refund processes, however these documents do not specify the owner and document review dates. **Risk** Lack of formally documented procedures heightens the succession risk in case of a loss of key personnel. This may lead to an incorrect/inconsistent application of key processes and decisions being taken. Outdated procedures can also cause confusion for a new person who joins any of the above teams regarding what processes to follow, and may lead to processing errors.			objectives. Plans are in place to allocate a day a month to update procedures.
3	Management information and analysis surrounding aged debt balances are to be communicated to Senior Management. Frequency of reporting, and forums for which to report to are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories or reason codes for non-payment and these should be captured within the registrants balance report, in order to facilitate more detailed analysis and discussion. Areas to consider as part of reporting could include (but are not limited to): debtor trends over time (e.g.by profession), analysis on most common reasons for non-payment, and write-offs due to registrants being removed from the register.	Medium	Management information and analysis surrounding aged debt balances are to be communicated to Senior Management. Frequency of reporting, and forums for which to report to are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories or reason codes for non-payment and these should be captured within the registrants balance report, in order to facilitate more detailed analysis and discussion. Areas to consider as part of reporting could include (but are not limited to): debtor trends over time (e.g.by profession), analysis on most common reasons for non-payment, and write-offs due to registrants	**Date Effective**:31 July 2019 **Owner:** Transaction Manager **Not yet due** Included in the transaction managers objectives. Some of reports recommended can be prepared internally and some will need assistance from the Supplier or It department.

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
			being removed from the register.	
4	**Good practice** The Transactions Team and Registration Team should share details relating to information on and communications with registrants. Collaboration and transparency between the Transactions and Registration Teams is critical to increase efficiencies and ensure a more positive registrant experience. **Finding** This audit identified some examples where information was not able to be shared between teams either at all or in a timely manner that has impacted on the ability for the Transactions Team to effectively process transactions and communicate with registrants. For example, hard copy registrant application forms are received by the Registration Team, stored short-term, scanned by a third party provider, and the scanned files are saved by IT onto NetRegulate for reference. Management advised that this process can take a number of months. There were 6/25 (24%) instances where registrant application forms could not be located, though three do relate to the prior three months. From our discussions with the Transactions Manager, we understand that in several cases the Transactions Team has spoken to registrants to request information that the registrant challenged was in their application form, leading to a negative registrant experience. The Transactions Team will request the registrant to fill in their payment information in a direct debit form, leading to duplication of work with the Registration Team. The Transactions Team is not able to view the email communications between the registrants and the Registration Advisors. We understand that there have been instances of errors made by Registration Advisors in processing registrant's details on NetRegulate (such as errors in recording the registrant name or direct debit details). The Transactions Team has then contacted the registrants for the information in order to process their payments, which has led to registrants challenging that the information was already provided to the Registration Team accurately. **Risk** If the Transactions Team do not have access to registrant information and communications, there is a risk that they are unable to accurately process transactions and communicate with registrants. There is also a risk	Low	The Transactions and Registration team are to increase transparency and sharing of information. To facilitate this, both teams should define their information needs, and Management should determine the best way to facilitate/implement the sharing of information. As an example this could include a requirement for increased detail on registrant's notes within NetRegulate, and/or copying the contents of email correspondence between Registration Officers and registrants on the NetRegulate communications log. There should be an agreed timeframe in place by when the direct debit forms (including payment options) need to be uploaded by. As the Registration Team processes were out of scope, we were unable to determine the cause of the delay in uploading the registrant application forms on NetRegulate. The Registration Team should investigate the reason for the delay in uploading the application forms on NetRegulate, as well as establish and monitor SLAs with the third party provider when appropriate.	**Date Effective**: 30 September 2019 **Owner:** Registration Operations Manager **Not yet due** **Date Effective**: 30 September 2019 **Owner:** Transaction Manager and Registration Operations Manager **Not yet due** High level discussion have been held with Registration Finance and Projects to see if processes can be simplified **Date Effective**: 30 September 2019 **Owner:** Registration Operations Manager **Not yet due** This occurred mostly due to a number of changes of manager looking after this process. We took the opportunity to completely review and re-build the process, which has now been

	Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
	that both the Transactions and Registration Teams are communicating with the same registrant at the same time which could negatively impact on the registrant's experience.			implemented and is working well. There is a process guide and QMS will be updated in due course.
5	**Good practice** To enable continuous improvement within the Registration Team, robust processes should be in place to ensure input errors are communicated to the team in a timely manner, appropriate training is identified and provided, and there is effective oversight. **Finding** A significant number of errors (459 errors for the period April to December 2018) were made by Registration Advisor son registrant payment details. During October and November ('busy period'), there were 214 errors from registration Advisors making up for over 45% of the total number of errors. However, it should be noted that out of the 214 errors, 70 related to stricter checks on cheques and postal orders, which were caused by a new process that HCPC's bank implemented. The Transactions Team detects and records these mistakes in a spreadsheet and sends a daily email to the Registration Team leaders and the Registration Operations Team detailing the errors captured. The Registration Operations Team also keeps a separate spreadsheet on the registration Advisor's performance which includes details on their payment errors. The format of these spreadsheets is free text and therefore cannot be used for analysing and reporting trends on main reasons for errors. There are current processes in place to feedback to Registration advisors on an individual basis, however, there is no mechanism to identify systemic training needs. The current feedback mechanisms may not be fit for purpose given the number of errors identified Furthermore, NetRegulate could automatically put the registrants on a removal process, if the registrant's payment is rejected and they are on a debit balance. In order to take the registrant out of the removal process on NetRegulate, the Transactions Manager has to manually remove the registrant from the online register and re-admit them. The online registration	Low	Management information and analysis surrounding errors made by Registration Advisors when processing registrant payment details should be communicated to Management. Frequency of reporting, and forums are to be determined, though at a minimum Finance and Registration should have oversight. Management should define categories of reason codes for errors and these should be captured within the errors report, in order to facilitate a more detailed analysis. Areas to consider as part of reporting could include (but are not limited to) error trends over time, analysis on common reasons for errors, and analysis on errors per Registration Advisor. There should be a forum where Registration Advisors receive regular training on common errors and how to improve the registration process. Depending on the preferred method of delivery Management may wish to leverage existing forums (e.g. team meetings).	**Date Effective**:30 September 2019 **Owner:** Transaction Manager **Not yet due** **Date Effective**:30 September 2019 **Owner:** Registration Operations Manager **Not yet due**

Finding and Implication	Priority	Agreed management action	Timescale/ Responsibility
dates of the registrant are permanently altered. The Transactions Team will also need to ask the registrant for their direct debit payment details again, leading to a negative registrant experience. **Risk** Whilst we understand that the purpose of the Transactions Team is to capture any errors made by Registration Advisors in processing registrant payment details, this leads to an increased workload for the Transactions Team and potential instances of negative registrant experience.			

186 Kennington Park Road (considered at Audit Committee March 2019)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	2
Improvement	1

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
1	**Good practice** Any project, whether or not it involves significant capital investment, should have a full business case, which includes a cost benefit analysis for the entire project. For capital projects, the analysis should include costs, net value of assets created/purchased and benefits, both tangible, such as on-going cost savings, and intangible, such as reduction of risk. The realisation of benefits should be tracked and the results used to support the project's authorisation to proceed, both during the lifetime of the project itself and following its completion. **Finding** There is no evidence that a full cost benefits analysis was performed nor were benefits realisation tracking procedures established for the 186 KPR project specifically, and we could not see evidence that a procedure exists whereby	Medium	The existing methodology caters for limited benefits Management through the net present value (NPV) calculations submitted as part of Initiation. As per the existing Audit point referencing the updated Project Management methodology, which targets increased Agility and a focus on increasing the predictability of project outcomes, the Financial Year (FY) 2019-20 Workplan includes an activity to update the methodology in line with the draft government standard for project delivery (GovS002). This	Date Effective: 31/03/2020 Owner: Head of Projects **Updates** **4 June 2019 –** The immediate action are complete – the message has been reinforced to the team and it has been confirmed that all new projects will specifically

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
	tracking is established for all projects. Based on interviews held, however, there is anecdotal evidence that benefits have been realised, though not given a financial value. For example, comments made to HCPC by visitors and from employees that the working environment has improved, though these comments as they stand do not facilitate assigning a financial value to the benefits realised. HCPC has a number of means to gather data to facilitate tracking of benefits as part of its business as usual processes, including monitoring of staff turnover and conducting staff surveys on the particular theme of the working environment. **Risk** In the absence of benefits realisation tracking (monitoring, assessing and reporting), there is a risk that benefits may be significantly lower than expected and that the shortfall may go unnoticed leading to a business case that is no longer viable. Where benefits realisation is not reported, there is a risk that any opportunity to remedy any shortfall will be missed.		methodology update will embed benefits and the realisation plan both, during and post project at its core. Management will ensure that this methodology update retains a standard benefits realisation tracking procedure as part of its core scope. Immediate action: Re-enforce the existing process to ensure benefits are identified and presented during Initiation, along with proposed owners, proposed realisation timeframe and agreement is reached on the appropriate level of measure.	address Benefit tracking, ownership and realisation planning at the point of Initiation. The initiation plan template has been updated to include the benefit work flow and the project management guide calls out the requirements. The considered by Council reinforces this. The full Benefit Management workflow will be completed as part of the updated methodology by March 2020.
2	**Good practice** Cost and time contingencies should be provided for, to enable the project to continue in the event of unforeseen changes in circumstances. Contingency should only be used to address unforeseen events. A procedure should be established to approve the use of contingency. **Finding** Contingency amounts for time and cost have been included at each stage of the renovation project. There is, however, no explanation of how the amount has been derived and how it has been assessed as reasonable for the particular project. There is also no procedure for approval of using contingency and no record stating how contingency has been used specifically in the renovation of 186 Kennington Park Road. **Risk** In the absence of a procedure to determine the amount of contingency to be added to a project plan/proposal, there is a risk that the amount may not be appropriate. In the absence of a procedure for approval of the use of contingency, there is a risk that it will be used to cover late completion or increased	Medium	The existing project management methodology calls for a standard 15% contingency on the capital expenditure (CAPEX) line. All project spend, including contingency falls under the governance of the project board. This message should be reinforced for all projects. Moving forward, the methodology update in response to the existing Audit point will further expand governance of the primary delivery phase to include formal stage gates and decision points for key events. During this methodology update, the level of contingency will be reviewed to ensure that an appropriate level is set per project if a straight 15% is not applicable.	Date Effective: 31/03/2019 Owner: Head of Projects **Update** **4 June 2019** – Contingency is owned by the project board and its usage is subject to the boards approval. At Initiation, all projects will refer to the 15% standard level on CAPEX to SMT and take guidance if they believe changes to level are required. **NOTE:** Changes to the

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
				governance to include additional stage gates in not related to this audit point and will only be completed by March 2020 with the methodology updates.
3	**Good practice** Capital investments should have a business case/investment justification that includes a cost benefit analysis and the value of items, including intangible benefits, should be clearly stated. This enables the success of the project to be measured and provides a reference point in the event that material changes are requested in time, costs, scope or quality of "product". **Finding** The project initiation document and papers submitted to Council for the renovation project include costs but do not clearly identify the total value of benefits. The business case for the original purchase of 186 KPR did, however, include values for many of the benefits of the purchase option when compared with others considered at the time. For example, the expected additional costs of relocation outside London, such as potential redundancy payments, were described in detail. **Risk** In the absence of a full cost benefit analysis that justifies proceeding with a capital (or indeed any) project; there is a risk that the project may be authorised even if it is not financially viable or affordable. There is a further risk that the success of the project may not be easily measured at completion against its original objectives.	Low	As per point 1 (finding 1) in this paper, the project management methodology review will expand on the current options analysis and benefit tracking contained within the methodology. The existing methodology does reflect the need for benefit identification and NPV calculations, and these are now included in the project Initiation activities. Looking forward, Business Case options will be anchored by the benefits to be realised, over what time frame and at what cost. Where benefits are non-tangible, or it is not appropriate to calculate, it will be called out clearly in a benefit realisation plan.	Date Effective: 31/03/2020 Owner: Head of Projects See update for point 1.
4	**Good practice** Where the costs of a project increase materially, the root cause should be identified and reported on a timely basis to allow challenge and where appropriate, reassessment of whether the project remains viable and should continue. Where the nature of a project/ investment demands specialist knowledge not available from within an organisation, it is good practice to seek advice at an early stage. Specifically, when estimating costs for a significant capital investment, appropriate experts on determining the likely cost need to be consulted so that the investment	Low	The existing methodology and approach calls for options to be presented at board level with a suitable level of analysis for consensus to be reached. This needs for this process has already been reinforced after this project had started, so now forms standard practice. As part of the new methodology, the level of	Date Effective: Already in place Owner: Head of Projects Date Effective: 31/03/2019

	Finding and Implication	Priority	Management response	Timescale/ Responsibility
	proposal includes realistic costs. **Finding** The renovation project had an originally approved budget in April 2016 of £1,037,997 to cover the tendering for a construction company and delivery of the building work. By December 2016, Council were asked to approve a project cost of £2.7M and by approving a total cost of £3M, in effect a contingency amount of £300,000. While in interviews held it has been stated that robust discussion and challenge took place in both Finance & Resources Committee and Council meetings, there is no documentary evidence that this potential cost escalation was reported to Council (as it is not in the Council papers), nor of any challenge made either by Council or senior management. The cost increase fundamentally related to the capital elements of the renovation project, which, not including additional funds for emergency repair work, rose from an expenditure of £393,107 initially, to £1,406,550 after costing by specialists and to £2M after contract quotation. Specialists were therefore not engaged early enough to accurately determine the capital costs required. **Risk** Where monitoring and challenge take place but are not documented, there is a risk that any review may find disagreement regarding the actual discussions that did take place. In the absence of realistic cost estimates, there is a risk that a project may be authorised to proceed where it may not be viable. It is acknowledged in the case of the renovation of 186 Kennington Park Road that even if specialists were consulted earlier, it would likely not have changed the final cost outcome as all of the final costs were for required work.		detail captured during these discussions will be reviewed and modified as required, although the focus is on ensuring robust debate and the appropriate, and then the consensus view being recorded. Additional guidance will be issued at board level to ensure that sufficient data is captured in Project Board minutes to reflect discussion points. The level of detailed captured at Council, or Audit committee level falls outside the purview of the project methodology. In that instance, the guidance sought by the project is either the affirmative, or negative.	Owner: Head of Projects Already in place, but will be constantly reviewed. No further changes planned. Date Effective: Not applicable Owner: Not applicable
5	**Good practice** For a significant project spanning a number of years, it is good practice to create a permanent file that records the complete history of the project in a single place, including core project documentation. **Finding** From a review of key project documentation, it was difficult to identify important	Improve ment	The methodology has already been updated to reflect the need for a project file. All projects, once closed are archived to a separate folder and maintained online. The project manager's handbook will be updated to reflect this step as part of core processes.	Date Effective: 31/03/2019 Owner: Head of Projects This has been in place for a number of years now, so no further action expected.

Finding and Implication	Priority	Management response	Timescale/ Responsibility
documents that contained pivotal decision points. A project summary, or other document, has not been created to catalogue this. As an example, it was difficult to follow movement in costs over time, including what was reported to Council, and the discussions and decisions surrounding this. The Project Initiation Document (PID) (April 2016) included the building works and estimated costs at £1,037,997. The Council Paper stated that the contract for the works is estimated at around £2M including value added tax (VAT) giving a total cost of the project to HCPC of around £2.7M. Council approved £3M without the need for a fresh approval process. While there is an audit trail of the progression of total amount required, it is piecemeal rather than being maintained in one place with a full history of the reasons for change. The history is in effect contained within a number of operational reports and other papers to Council. It is acknowledged that a complete summary was provided to Council by Marc Seale, Chief Executive and Registrar, but this does not directly reference the original documentary evidence. **Risk** Where the complete history of a project is not maintained in a single place, there is a risk that elements may be overlooked whenever the project is to be reviewed and in particular, when its overall success is to be measured following completion			

2018

Strategic and Operational Planning (considered at Audit Committee September 2018)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	2
Improvement	1

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
1	Strategic and operational planning processes should be clearly documented and detail the purpose of the strategic and operational planning process and how it should be completed. This would ensure that there is a consistent understanding among relevant stakeholders involved in the process. The documentation should include clearly defined roles and responsibilities for key stakeholders involved in the process, including the Council, the Audit Committee and any other Committees or individuals involved. In line with good practice, organisations typically utilise a policy, which details the process to be taken when making amendments to an organisation's strategy and Corporate Plans. For example, this could be due to changes in regulation, changes imposed by government or internal restructuring or prioritisation. The document should be periodically reviewed and updated as necessary. Finding Through our interviews performed with the SMT, Business Process Improvement Team and Council, we identified that HCPC does not have a	Management should formally document the strategic and operational planning process. Once completed, the document should be subject to regular review and update. The document should provide sufficient detail regarding the end-to-end process for strategic and operational planning, including key processes such as the strategic away day and completion of work plans.	Medium	The strategic and operational planning process has evolved over a number of years and is now embedded in the organisation. With the introduction of new strategic priorities and the development of a new Corporate Strategy and annual corporate plan, we will take the opportunity to document the process we follow and will also refresh the process map we have in the Quality Management System.	Owner: ED of Policy and External Relations Agreed date of implementation: End of Q3 2018-19 5 March 2019 – A documented process description and corresponding map for strategic planning is currently still in draft format and requires further amendments to be finalised. It is understood that review of this document is an

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	formally documented procedure in place in relation to the strategic and operational planning process, which should include areas such as: key objectives, clearly defined roles and responsibilities, clear guidance on the planning and sign off process, amongst other areas. Whilst we observe that there is discussion, no formal policy (or other form of guidance) exists which details the change process in relation to changes to HCPC's Strategic Intent and Corporate Plan. Implication Without a formal documentation in place, there is a risk of an inconsistent approach to strategy setting, resulting in key strategic risks and opportunities not being captured. Without clearly defined roles and responsibilities, there may be ambiguity regarding the ownership and accountability of the strategic and operational planning processes in place. Without appropriate change management controls in place relating to strategic and operational planning, errors may be made, or amendments not accurately captured.	Management should create a formalised change management process and implement appropriate controls to ensure that changes to the organisations' strategy are captured and updated within the relevant documentation.			agenda item for the SMT for 26th February. It is understood that the action was not completed in line with the original due date due to a reprioritisation of commitments by Management. **Revised Date for Completion:** March 2019 **4 June 2019 -** Completed
2	Good Practice Stakeholders should be managed based on their level of interest and impact to the organisation. Guidance regarding stakeholder management and prioritisation should be captured in the organisation's Communications Strategy (and other supporting documentation) and reviewed regularly. Finding Effective stakeholder management is a key strategic area for HCPC. Our review of the Communications Strategy and wider documentation identified that whilst stakeholders are clearly identified (e.g. employees, education providers, government, general public and PSA), there is no approach or methodology in place for prioritising stakeholder groups. For	Management should introduce a stakeholder map/grid, which identifies and places stakeholders in different quadrants based on their level of interest and impact to HCPC. For example, each quadrant could be classified as 'key players', 'keep	Medium	For some time, we have used a stakeholder matrix to support our engagement and communications work. This sets out who all our stakeholders are, by type and organisation as well as their interests and who in the organisation is responsible for leading the engagement. For specific projects or pieces of work, we also identify key stakeholder groups we need to engage	Owner: ED of Policy and External Relations Agreed date of implementation: End of Q3 2018-19 Development and review of the Stakeholder Matrix is currently in progress. We have evidenced

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	example, a grid/matrix is not used to facilitate discussion on their level of interest and impact to the organisation, with targeted plans in place to manage their expectations. Implication Stakeholders may not be managed appropriately as they are not being appropriately classified, and stakeholder activity targeted to the stakeholders in order to ensure maximum effectiveness of activities.	informed', 'keep satisfied' and 'minimum effort', in line with practice we have observed in other organisations and sectors.		with and tailor our communications accordingly. With the development of a new stakeholder engagement and communications plan, we have taken the opportunity to further refine the stakeholder matrix in line with the good practice identified here. This was discussed with Council in their May meeting and the work is currently underway	screenshots of the database (full access was not provided for personal data reasons) and we understand that key personnel across the organisation are being consulted. The action was not competed in line with the original due date due to a reprioritisation of commitments by Management. The action owner has agreed a revised completion date per below. **Revised Date for Completion:** March 2019 **4 June 2019** Completed
3	Good Practice A clear process should be in place detailing how the Corporate Plan and strategic priorities are communicated to relevant stakeholders in order to keep them informed of HCPC's strategic direction. Finding	The Communications Team should ensure that HCPC's Corporate Plan is consistently communicated to relevant stakeholders, for example through the organisation's		The organisation's Strategic Intent is a public document and available on our website. Following Council's decision in March to replace this document with a revised Corporate Strategy and corporate plan, we will be	Owner: ED of Policy and External Relations Agreed date of implementation: End of Q4 2018-19 **Update**

	Finding and Implication	Recommendation	Priority	Management response	Timescale/ Responsibility
	Based on our review of the Communication Strategy and supported through discussions with the Communication Team and SMT, we identified that the method in which HCPC communicates its Corporate Plan and strategic priorities to key stakeholders (e.g. Government and Professional Standards Authority (PSA)) is not being performed consistently across the organisation.

For example, the Corporate Plan has been discussed with the PSA by the Director of Regulations to highlight the organisation's commitment in ensuring that PSA standards are of strategic importance. In contrast, the Corporate Plan has not been communicated to government representatives (e.g. assemblies and members of parliament) and education providers (e.g., universities).

We also noted opportunities for enhanced collaboration between the Communications Team and SMT in terms of tailoring communication to manage stakeholder expectations, for example through implementing Personal Communication Plans (PCPs).

At present, through discussion with members of Management, it was identified that SMT members are typically communicating with stakeholders through individual silos. By way of an example, one Director currently communicates with the PSA and government representatives directly and does not typically request guidance or support from the Communications Team.
Implication

Without agreed communication protocols in relation to HCPC's Corporate Plan and strategic priorities, stakeholders such as the PSA, government and education providers may not be aware of the organisation's strategic priorities for the future.

A lack of involvement from the Communications Team when communicating to external stakeholders may result in stakeholder needs not being satisfied, or known best practice not being consistently applied across the organisation. | intranet, newsletters, CEO communication and/or holding local events/seminars.

The Communications Team should create Personal Communication Plans for SMT members and relevant Heads of Department with objectives over the next six to twelve months being documented and progress reviewed. | | undertaking this work in Q3 and will build in communications to relevant stakeholders once this work is completed.

In May 2018, the Council discussed a new approach to stakeholder communications and engagement. Part of this was the development of personal communications plans. With the restructuring of the EMT, we recognised this would be a good opportunity to do this and work is currently underway. Collaboration with communications continues, particularly in the development of agendas and briefing notes for stakeholder meetings as well daily alerts to external issues. | **16 May 2019** - A dissemination plan will be put in place when the Corporate Strategy has been revised and approved.

Owner: ED of Policy and External Relations
Agreed date of implementation: Ongoing

Update

16 May 2019 - This is work in progress and part of the Communications Department workplan |

Phase 1 Registration Project – Governance and Project Management Review (considered at Audit Committee September 2018)

Recommendations summary

Priority	Number of recommendations
High	None
Medium	2
Low	3
Improvement	1

	Finding and Implication	Priority	Agreed Management actions	Timescale/ Responsibility
1	Good practice Most project management methodologies fall into one of two broad categories: traditional or waterfall style, such as PRINCE2 and agile of which there are a number of varieties. The most appropriate project management approach for a project depends on a number of factors including the nature of the product(s) being delivered, the degree to which the scope may be flexible and the capacity of the organisation to adopt a given approach. It is often the case that a hybrid of waterfall and agile is the most suitable approach. It is good practice to establish the most appropriate methodology by assessment of the features of the particular project. Finding Phase 1 was described as employing a hybrid approach but overall management, as shown by progress reporting and project plans, was largely waterfall in nature. According to those interviewed in this audit, HCPC as an organisation is not familiar with elements of the agile approach to project delivery. Historically the HCPC Council has favoured the traditional approach based on PRINCE2 whereby the scope of what is to be delivered is, in effect, established and fixed at the outset of the project. There has not been the opportunity to explore different methodology approaches to project delivery at HCPC.	Medium	The strategic and operational planning process has evolved over a number of years and is now embedded in the organisation. With the introduction of new strategic priorities and the development of a new Corporate Strategy and annual corporate plan, we will take the opportunity to document the process we follow and will also refresh the process map we have in the Quality Management System.	Owner: Project board Date Effective: 28 August 2018 Update 5 March 2019 - The Project Management Guide has been provided which demonstrates version control and updates which have taken place. We have also evidenced review of the Project Management Guide by Management. SMT will consider the merits of a more agile approach to project management at its meeting in February, but until

	Finding and Implication	Priority	Agreed Management actions	Timescale/ Responsibility
	Implication Features of a particular methodology or approach to project delivery may make it more effective than another for aspects of a specific project. Where the use of different approaches is not fully considered in terms of their individual applicability, there is a risk that an opportunity to optimise the outcome of a project may be missed.			such a time a decision is made the current methodology will apply. Revised completion date below has been agreed with action owner. **Revised Date for Completion**: March 2019 **16 May 2019 –** SMT considered the paper on a revised project methodology at its meeting on 26 February. Council considered a paper discussing the methodology review at its May meeting. Changes to the methodology are due March 2020.