Audit and Risk Assurance Committee
15 March 2023

hcpc health & care professions council

Internal Audit report – Diversity Review

Executive Summary

As part of the 2022-23 Internal Audit Plan as approved by the Committee, BDO LLP have undertaken a review of the organisation's approach to Diversity.

The objective of review was to establish how HCPC ensures that its regulatory activities are free from discrimination and that it can fulfil its statutory ED&I obligations. However, a contributory factor to this is HCPC's approach to diversity as an employer and procurer, particularly for activities supporting HCPC's regulatory activities.

Previous consideration	The report has been reviewed by ELT
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	As detailed in the findings
Financial and resource implications	The cost of the audit is included in the Internal Audit annual fee.
Author	BDO LLP

Health and Care Professions Council

DIVERSITY REVIEW

INTERNAL AUDIT REPORT – FINAL

February 2023

LEVEL OF ASSURANCE:	
DESIGN	MODERATE[1]
EFFECTIVENESS	MODERATE

[1] Equivalent to 'Green Amber'

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RESTRICTIONS OF USE

DISTRIBUTION LIST

FOR ACTION	Adrian Barrowdale	Strategic Lead for Equality, Diversity and Inclusion
FOR INFORMATION	Rachel Gledhill	Acting Head of Policy, Standards and Strategic Relationships
	Rebecca Bryan	HR Business Partner

REPORT STATUS

LEAD AUDITOR:	JACK SHOOTER
DATES WORK PERFORMED:	03/10/2022 – 25/10/2022
ADDITIONAL DOCUMENTATION RECEIVED:	02/11/2022
DRAFT REPORT ISSUED:	12/12/2022
MANAGEMENT RESPONSES RECEIVED:	22/02/2023
FINAL REPORT ISSUED:	23/02/2023

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)		
DESIGN	MODERATE (Green/Amber)	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	MODERATE	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.

SUMMARY OF FINDINGS (SEE APPENDIX I)			# OF AGREED ACTIONS
H	0		0
M	1		0
L	4		0
TOTAL NUMBER OF FINDINGS: 5			0

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

✓ HCPC's systems and quality controls in regulatory and supporting processes include mitigating the risk of bias.

BACKGROUND & SCOPE

As part of the of the Health & Care Professions Council (HCPC) internal audit plan for 2022/23, as approved by the Audit and Risk Assurance Committee, we have undertaken an audit of HCPC's approach to Diversity.

Equality, diversity and inclusion (ED&I) is a key focus for modern organisations and there are a number of aspects of ED&I that sit within legislation that HCPC are required to comply with including the, Equality Act 2010, the Northern Ireland Act 1998 and the Disability Discrimination Act 1995 (Northern Ireland). ED&I is important as organisations need to think about how their services and functions can have different impact on different groups and communities, whilst ensuring they have a more flexible, adaptive, and dynamic workforce that bring together different ideas and greater empathy.

Diversity is also an important requirement that the PSA assess healthcare profession regulators against. For the 2021/22 financial year, HCPC met Standard 3, which focuses on ED&I, for the first time. HCPC have undertaken work to improve their commitment to ED&I in areas such as improving the diversity of Council and staff via its Council Apprentice Scheme and mentoring opportunities for underrepresented groups, and introducing systematic collection and analysis of demographic information about registrants. A five-year ED&I strategy is in place covering the period 2021-26 which details HCPC's ED&I objectives and this is supported by an action plan to help in the achievement of those objectives.

PURPOSE

The objective of review was to establish how HCPC ensures that its regulatory activities are free from discrimination and that it can fulfil its statutory ED&I obligations. However, a contributory factor to this is

HCPC's approach to diversity as an employer and procurer, particularly for activities supporting HCPC's regulatory activities.

CONCLUSION

HCPC have largely adequate processes in place to ensure its regulatory activities are free from discrimination, and that it can fulfil its statutory ED&I obligations.

The ED&I Strategy describes how ED&I will be in achieved in areas such as registration, FtP and employee and service provider on-boarding and management. The ED&I strategy is sponsored at director level, was approved in 2021 and is accessible through HCPC's webpage. ED&I training programmes have been implemented and are accessible to staff members, which includes modules relating to unconscious bias and how this can be prevented. Partners (such as Panel chairs and Panel members) also complete specific ED&I training and FtP case studies. The FtP process is set up to prevent bias arising where possible, with specific case-by-case criteria implemented and segregated investigation teams and panel members established.

However, as part of our work, we identified seven findings, of which three were assessed to be a medium priority, and four as low priority. Multiple areas of potential improvements to the policies, procedures and guidance were required. Four staff members did not complete previously required ED&I training, with insufficient mechanisms currently in place for reviews of training records. Whilst ED&I Impacts are considered during the FtP decision-making process, no regular ED&I reporting takes place at Council meetings. Areas of improvement were also identified in KPI reporting, and data analysis in terms of ED&I on FtP cases remains work in progress.

EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

▸ The ED&I Strategy describes how ED&I will be achieved across registration, and employee and service provider on-boarding and management. An SMT sponsor for the Strategy has been appointed and the document is accessible to staff members on HCPC's webpage.

▸ Mandatory ED&I training programmes are in place for staff members and are accessible through HCPC's Learning Hub. Training includes modules relating to identifying and preventing unconscious bias and includes a quiz to confirm understanding. Partners also complete role-specific ED&I training as well as FtP case studies.

▸ The FtP process is organised to minimise the chance of any potential bias arising. Whilst legislation dictates the overall outline process HCPC must follow, separate investigation teams and panels are organised to prevent investigators from inadvertently having bias into final decisions. Additionally, only the name of the registrant is revealed during the process, with some protected characteristics only revealed under special circumstances, such as cases involving bullying or harassment.

SUMMARY OF KEY THEMES

Despite the good practice noted above, we found the following areas where HCPC can improve their ED&I practices further:

▸ **Policies and Procedures Benchmarking** – following a benchmarking exercise, multiple of areas of good practice were identified which HCPC should consider for inclusion.

▸ **Review of Training Records** - whilst management are able to monitor completion of ED&I training, insufficient resources and procedures are in place to ensure staff members complete the required training, with four staff members identified as having training outstanding.

▸ **Action Plan** – there is not a clear read across between the actions set within the action plan and the objectives contained within the ED&I

Strategy, meaning appropriate actions may not be set and objectives therefore not delivered. Generic owners such as "Policy" are stated in the Action Plan, with specific staff members only listed in the live iteration of the document.

▸**Reporting at Council Level: -** whilst the Council considers the potential ED&I impacts during the decision-making process, no regular reporting in relation to ED&I take place.

USEFUL STATISTICS

48
Individual actions set out in the ED&I Action Plan

4
of 68 staff members did not complete the prior mandatory ED&I training modules during the period 09/04/2021 – 31/03/2022

7
Strategic aims are set out in the ED&I Strategy Document

4
ED&I KPIs included in HR Performance Reports submitted to the People and Resource Committee

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DETAILED FINDINGS

DETAILED FINDINGS
RISK: Policies, Procedures and Guidance

FINDING 1 – Policies, procedures, and guidance benchmarking	TYPE
HCPC has aligned its policies, procedures and guidance in relation to its approach to diversity within the ED&I Strategy. Within the policies and procedures reviews, multiple areas of good practice were noted, the overall purpose and aims of the ED&I Strategy were included, as were developments previously made against the ED&I Strategic objectives, and remaining work to be completed in the future. We benchmarked HCPC's policies and procedures against areas of good practice observed elsewhere in the sector. Despite the areas of good practice previously identified, our testing concluded the following areas of good practice were excluded: • Staff responsibilities • ED&I Definition(s) • Relevant partner organisations consulted for best practice • Reference to relevant and applicable regulations • Document Owner • Version Control. • We also noted that HCPC doesn't current voluntarily subscribe to the Workforce Race Quality Standards and Workforce Disability Equality Standards. We are aware that HCPC is not named in either, but other medical regulators are and so in order to demonstrate that HCPC is delivering best practice with regard to ED&I.	**DESIGN**

IMPLICATION	SIGNIFICANCE
• Staff members may not be aware of their specific responsibilities in relation to equality, diversity and inclusion • Staff members may not be aware of the relevant and/or applicable regulations, and may not consider these during decision-making processes • Without a document owner and formal version control, changes made to policies and procedures may not be accurately tracked	**LOW**

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
1. We recommend that management consider including the areas highlighted above in future iterations of the policies, procedures and guidance. 2. HCPC should consider whether it wishes to comply with the Workforce Race Quality Standards and Workforce Disability Equality Standards.	Adrian Barrowdale	1. At the next meeting of the EDI Steering Group the HCPC will consider the issue of making WRES and WDES submission and then provide an update. 2. At the next meeting of the EDI Steering Group, the HCPC will consider the issue of making WRES and WDES submissions and then *provide an update*	30 August 2023

DETAILED FINDINGS

RISK: Training

FINDING 2 – Monitoring of training records	TYPE
ED&I training assigned to staff members must be completed 8 weeks following enrolment. HCPC management can extract detailed reports from the Learning Management System (LMS) to monitor the completion rate of such courses. Additionally, a dashboard reporting functionality has also been implemented, illustrating a summary of staff members who have and haven't completed required ED&I training. We were informed that corresponding compliance reports are normally presented at the Heads of Department (HoDs) and the Executive Leadership Team (ELT) meetings. To ensure staff members complete required training, an email notification is sent to learners and their line manager to inform them of the training outstanding. This is an automated procedure, with emails sent 5 days before the target date, followed by every 3 days after until the required training is completed. Additionally, the Learning and Development Team also receive an email to notify them that a member of staff has yet to complete a mandatory e-learning course. We established that managers are responsible for checking and ensuring staff members have completed the required training courses, and that "regular" reports are sent to the HoDs as a reminder to chase staff members with outstanding training. However, there is currently no enforcement procedure in place for staff members that do not complete their required training, and we were unable to confirm the specific basis on which training records are reviewed and reported upon. Additionally, the Learning and Development Manager does not have the resource in their team to chase staff members as required and ensure they complete the required training. Similarly, partners are also required to complete ED&I training as part of their induction. We were also unable to confirm what actions would be taken if a partner did not attend their induction to ensure they subsequently completed the ED&I training. During our review, four staff out of a total of 68 were found to have not completed required ED&I training during the **period 09/04/2021 – 31/03/2022.**	DESIGN

IMPLICATION	SIGNIFICANCE
• Failure to ensure that all staff have received appropriate training could lead to staff causing breaches of ED&I Policy.	MEDIUM

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
3. We recommend that - a) staff members with training outstanding are encouraged to complete their required training as soon as possible. b) A fixed schedule is set for reporting on training completion rates to the HoDs and the ELT. c) Disciplinary procedures should be formally implemented for any staff members who do not complete staff training in the required time frame. d) a formal sanction process is implemented if a partner does not attend their induction and complete outstanding ED&I training.	N/A	1. The outstanding 4 have been reminded and completed their training 2. We have scheduled quarterly checks to monitor completion and will proactive chase those outstanding 3. We do not think disciplinary processes for staff who miss training is an appropriate response 4. Partners team are satisfied that our approach	Complete

		covers this recommendation. If a partner does not complete their induction training, which includes EDI training, we will not provide them with a signed contract which means they cannot start their role	

DETAILED FINDINGS

RISK: Training

FINDING 3 – Benchmarking of training	TYPE
A mandatory EDI training programme module is delivered to all staff members through HCPC's Learning Hub alongside other modules. Within the training module, a range of topics are included, such as definitions of equality, diversity & inclusion; it's importance in the workplace and unconscious bias in the workplace. Additionally, an assessment is included to confirm the user has sufficiently reviewed the content included in the module and understood its contents. We benchmarked the training in place against good practice noted elsewhere in the sector. We noted that whist the current training programme includes a range of topics for discussion, the following areas were found to be excluded: • How to challenge inappropriate language, behaviours, and actions • Equality Pay Audits • Gender Pay Gap Reporting • Race Pay Gap Reporting	DESIGN

IMPLICATION	SIGNIFICANCE
• If the topics detailed above are not included in benchmarked training, staff members may not have sufficient awareness over compliance and reporting requirements in relation to ED&I, nor may they be sufficiently aware of the process of challenging and reporting inappropriate behaviour	LOW

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
4. We recommend that management consider refreshing the ED&I training module and including the areas of good practice noted above.	Tehmina Ansari – L&D Manager	We will be refreshing the EDI module this new FY, and will consider the content suggested identifying elements most relevant for staff training.	31st March 2024

DETAILED FINDINGS

RISK: Monitoring and Reporting

FINDING 4 - ED&I Reporting & Analysis	TYPE
We reviewed meeting minutes for the three most recent Council meetings as well as the People and Resource Committee meetings. ED&I was found to be discussed in each meeting, with a quarterly HR Performance Report presented and discussed in each. Within each report the following items were discussed: HCPC Staff Applicant Diversity by: • Age • Gender • Disability • Ethnicity. We also noted that over time, the suite of KPIs included in each report has increased to be more comprehensive. Of the meeting minutes we reviewed, ED&I was only included as a specific item for discussion in a single Council meeting (23/3/2022), with the 22/23 ED&I Action Plan included as a specific item for discussion. It was acknowledged that whilst regular reporting does not take place in relation to ED&I for Council meetings, ED&I impacts are considered during the decision-making process. Such impacts are stated on corresponding Council papers. We also received evidence to confirm that data analysis of ED&I information in relation to FtP cases is still in the early stages of development, with early iterations including supporting commentary and regression model odds ratios. Work is currently in progress to include further topics for discussion, with improvements suggested following a departmental review. As a result, the current iteration has not been submitted to the ELT or Council for further analysis.	DESIGN

IMPLICATION	SIGNIFICANCE
• If the analysis of ED&I information is not presented regularly at ELT and/or Council meetings for further discussion, poor performance with regard to achieving ED&I outcomes may not be identified, resulting in poorly informed decision making	LOW

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
5. We recommend that HCPC consider including ED&I as a regular topic for discussion at Council meetings.	Claire Amor	We consider that the Council and Committees already consider EDI issues as appropriate. An annual in depth EDI update is scheduled. Developments with regards to our EDI practice are included in our CEO report consistently and EDI assessment is included in relevant papers.	Complete

DETAILED FINDINGS

RISK: Monitoring and Reporting

FINDING 5 – ED&I KPI Benchmarking	TYPE
As discussed above, KPI reporting in relation to ED&I takes place at People and Resource Committee meetings. HR Performance Reports are presented which contain statistics relating to applicant and turnover diversity, as well as comparing the distribution of pay bands by gender and ethnicity. Whilst HCPC has a comprehensive suite of ED&I KPIs included in HR Performance Reports, our benchmarking exercise of other organisations identified the following areas of good practice currently excluded from reports, in terms of performance measurement in diversity: • % of Staff believing there are equal opportunities for career progression or promotion • % experiencing discrimination from their manager/team leader or other colleagues in the last 12 months.	**DESIGN**
IMPLICATION	**SIGNIFICANCE**
• Members of the People and Resource Committee may not be sufficiently informed of the HCPC's internal culture, and any potential breaches of ED&I rules and legislation set	**LOW**

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
6. We recommend management consider including the areas of good practice identified above within future KPI reports.	Adrian Borrowdale	We will include this in the pulse survey on a yearly basis rather than as part of the standard quarterly question rotation.	31st March 2024

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APPENDICES

APPENDIX I: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
SUBSTANTIAL =Green	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
MODERATE Green Amber	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.
LIMITED Amber	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
NO Amber/Red	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
HIGH	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
MEDIUM	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
LOW	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.

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APPENDIX II: TERMS OF REFERENCE

EXTRACT FROM TERMS OF REFERENCE
PURPOSE
The objective of the review was to establish how HCPC ensure that its regulatory activities are free from discrimination and that it is capable of fulfilling its statutory ED&I obligations. However, a contributory factor to this is HCPC's approach to diversity as an employer, and procurer, particular for activities supporting HCPC's regulatory activities
KEY RISKS
The key risks considered within this area of activity were whether: • Policies, procedures and guidance are in place which clearly set out HCPC's approach to diversity - specifically in relation to registration, fitness to practise and continued practise, and employee and service provider on-boarding and management. • HCPC's systems and quality controls in its regulatory and supporting processes include mitigating the risk of bias. • HCPC trains its staff and partners to appropriately recognise and mitigate the impact of bias on decision making. • An ED&I strategy is in place for HCPC which is supported by a suitable (realistic, has appropriate action owners etc) action plan to achieve the strategy and comply with HCPC's legal obligations. • Appropriate reporting and monitoring are undertaken on areas such as the diversity dimension of FtP cases, diversity training take-up, recruitment and staff profiles and presented to the relevant decision-making groups such as the People and Resource Committee and the Council, with suitable key performance indicators in place.
SCOPE
The following areas were covered as part of this review: • Reviewed policies, procedures and guidance in place to verify if they help to ensure compliance with HCPCs legal obligations and mitigate the risk of registrants experiencing discrimination in HCPC processes • Reviewed the tools in place for HCPC to comply with their legal obligations and diversity objectives (software, systems) • Review and consider the robustness of the model for forecasting purposes and does the model and its controls mitigate for the risk of errors and inaccurate forecasts. • Reviewed the current training programmes in place to ensure they provide staff and partners with the necessary knowledge and skills to avoid bias during the decision making process • Considered how HCPC ensures its recruitment processes support the HCPC's intentions to be a diverse and inclusive employer • Reviewed the current mechanisms in place to identify and monitor potential discrimination or bias in FtP processes, including the monitoring of cases going to interim orders, investigation and sanctions • Reviewed the ED&I strategy and action plan and verify whether it aligns, and whether the action plan seems reasonable, with suitable targets and appropriate action owners
APPROACH
Our approach was to conduct interviews to establish the controls in operation for each of the areas under review. • We have obtained documentary evidence to confirm that these controls were designed as described. We have evaluated these controls to identify whether they adequately addressed the risks. • We have obtained evidence of the satisfactory operation of the controls to verify the effectiveness of the control.

- We have interviewed staff members and conducted system walkthroughs to ascertain the current state of the model, as well as the supporting mechanisms in place for its operation.
- A closing meeting was held to discuss findings emerging from the review prior to issue of the draft report.

EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach section of this document. All other areas are considered outside of the scope of this review.

APPENDIX III: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.		
Adrian Barrowdale	Strategic Lead for Equality, Diversity and Inclusion	
Emma Leary	Head of Policy, Standards and Strategic Relationships	
Rebecca Bryan	HR Business Partner	
Laura Coffey	Head of FtP	

APPENDIX IV: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

The audit sponsor is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit and Risk Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls cover the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion are subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate

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FOR MORE INFORMATION:

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