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Health and Care Professions Council

Key Performance Indicators

Audit report – Final
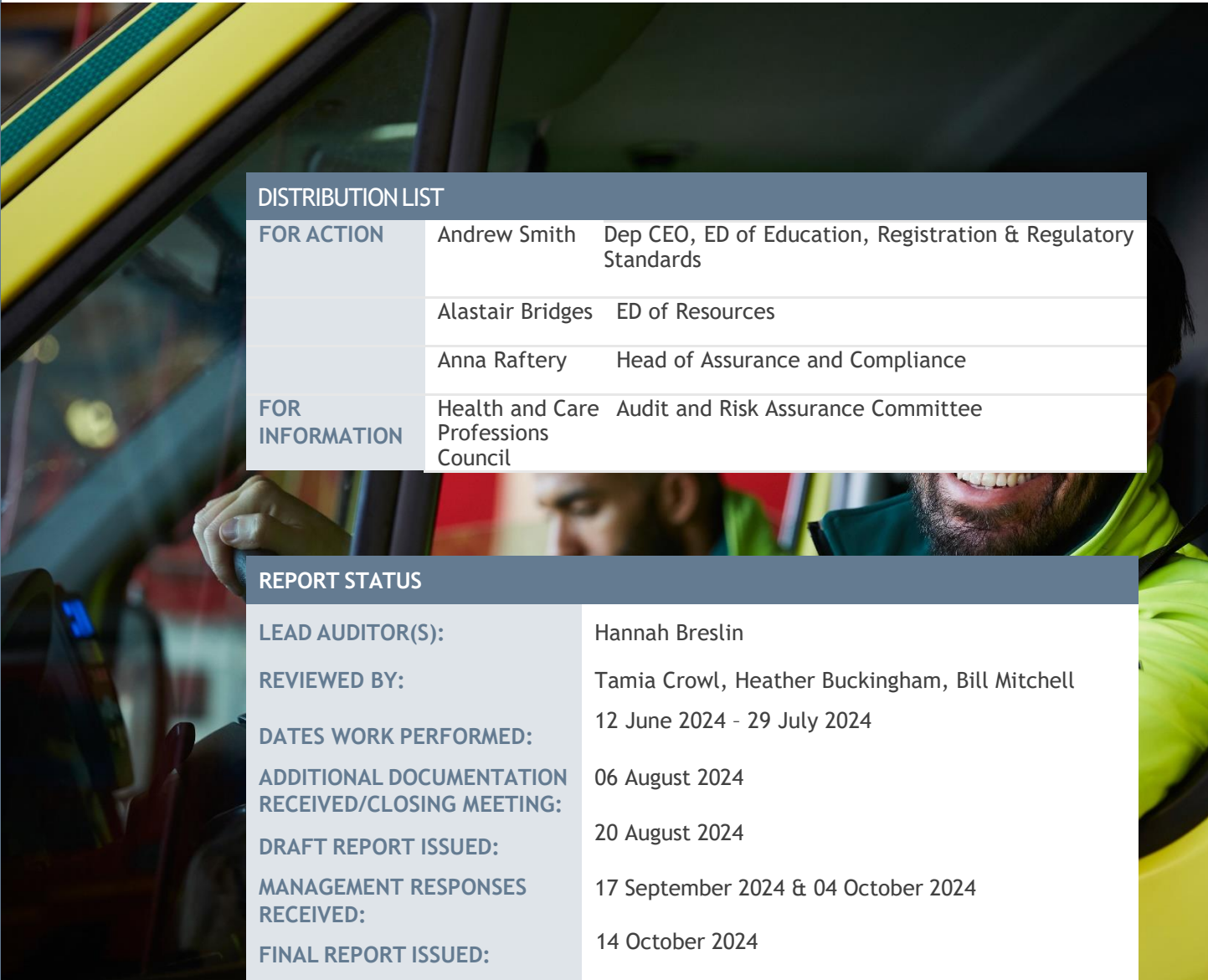
October 2024

LEVEL OF ASSURANCE:	
DESIGN	Substantial
EFFECTIVENESS	Moderate

Contents

DISTRIBUTION LIST

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REPORT STATUS

LEAD AUDITOR(S):	Hannah Breslin
REVIEWED BY:	Tamia Crowl, Heather Buckingham, Bill Mitchell
DATES WORK PERFORMED:	12 June 2024 – 29 July 2024
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Executive summary

Level of assurance: (see appendix I for definitions)		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

Summary of findings (see appendix II)			# of agreed actions
H	-		-
M	-		-
L	3		3
Total number of findings: 3			

Our testing covered the following risk areas:
- ✓ Policies, procedures and guidance
- ✓ KPI Coverage (inline with HCPC business objectives)
- ✓ KPI Data & its Governance
- ✓ Reporting to Senior Management

Background & Scope

As part of the Internal Audit Plan for 2024/25, as agreed by the Audit and Risk Assurance Committee (ARAC), we completed a review of Key Performance Indicators (KPIs).

HCPC expects to begin the process of developing the new strategy in 2024, due to take effect from 2026. The new HCPC Corporate Strategy will require appropriate KPIs to support the achievement of the associated strategic objectives.

The current KPIs were developed 2-3 years ago and therefore it is important that the KPIs remain appropriate to help ensure success. It is likely that some KPIs will change for the new strategy, but some will remain the same or be similar, particularly in relation to the core delivery of PSA standards and requirements.

The KPIs were established by department heads based on industry benchmarks, evidence, and their expertise. KPIs were approved by the Executive Leadership Team (ELT), subcommittees and the Council.

Currently, HCPC has 11 KPIs in place to support the achievement of the current Corporate Plan and the Corporate Strategy 2021-26.

The KPIs in place support the measuring of the performance of HCPC and cover the breadth of HCPC operations and areas with the most significant impact and/or risk, this includes supporting the achievement of PSA standards.

KPIs are reported to Council quarterly. KPIs are tracked monthly to identify any areas of slippage or any areas of concern. More granular reports on performance for areas such as FtP are presented to Council to provide sufficient oversight where there has been a history of underachievement.

Performance is reported monthly to the ELT and quarterly to Council via Dashboard Reports.

Purpose

The purpose of this review was to provide assurance over the design and operational effectiveness of the key controls in relation to the corporate key performance indicators.

Specifically, this audit was intended to identify any material deficiencies in the way KPI data is collected. This was to help to confirm whether the reporting and data gathering mechanisms are fit for the future.

This review also considered the management and ownership of data that sits behind the achievement of the KPIs and whether the information is reliable, up to date and allows for informed decision making.

Conclusion

HCPC has several good controls in place to manage KPIs and the monitoring of performance, for example via review of dashboards by ELT and Council allowing for sufficient oversight of progress made.

However, we identified three findings of LOW significance that relate to:

▶ KPI ownership clarity required and data accuracy with some data manually collated.

▶ A lack of consistent review of the assumptions that sit behind the KPIs in place.

▶ Lessons learnt activities being fully and formally undertaken and documented.

As a result of our review, we can provide SUBSTANTIAL assurance over the design and MODERATE ASSURANCE OVER the operational effectiveness of controls

Executive summary

Summary of good practice

Policies, Procedures and Guidance

► HCPC included in the paper that was distributed to Council and agreed upon in both the April 2021 and May 2022 packs, the approach for managing KPIs, including the KPIs to be monitored (initially approved in April 2021 and re-approved in May 2022) and the frequency of reporting. Whilst formal policies and procedures are not in place, KPIs are managed consistently within and by the respective Teams who own them. Evidence of regular reporting to Council is available on HCPC's website demonstrating transparency.

KPI Coverage

► KPIs are linked to HCPC's corporate objectives and are actively benchmarked against other similar organisation, with feedback from stakeholders. KPIs are reviewed and approved at a department level, ELT and by Council. This ensures that the KPIs in place are thoroughly assessed from a bottom up to top-down approach and helps to ensure they are in line with HCPC business and strategic objectives.

► From our review of a sample of five KPIs (1,4,5,9,11) we identified that each KPI was designed to support (provide data and assurance), specific strategic and corporate objectives to help ensure that HCPC meets its goals efficiently and effectively, in line with the HCPC Corporate Plan and Strategy. For example, KPI 4 provides data on the achievement of PSA standards. In the Monitoring year 2021/22 HCPC PSA Performance Review, we noted that the PSA deemed Standard 11 as not achieved. KPIs linked to PSAs and HCPCs own corporate objectives help to provide assurance and data to demonstrate whether the optimum service is provided to keep patients safe and that HCPC can meet external standard requirements.

KPI Data & Governance

► We reviewed the attestations made for a sample of five KPIs. For four KPIs in our sample, we identified that the attestations made were accurate and were based on reliable and sufficient data to enable informed decision-making.

► All five KPIs sampled have assigned owners. Data that sits behind the KPIs is appropriately owned by relevant teams. Teams work collaboratively to produce reports on KPIs, to help ensure data accuracy.

Management Information

► KPI reports are regularly presented to Council via the CEOs performance report. The performance report details the KPI attainment for the past two years and where there are any variances, there are clear explanations as to why there has been underperformance allowing stakeholders to have a good overview of the current performance position.

► On review of the most recent report to Council, May 2024 (showing data until March 2024) we noted that KPI 1 (in relation to FTP) and KPI 4 (in relation to Registration) both tightly linked to the achievement of PSA standards, were not achieving the desired KPI targets. Action plans have been put in place to look to address the drop in attainment for the KPIs. For example, for Registration, ELT has approved additional resources to the Team with a new operating model due to be implemented. For FtP timeliness, this is a long-running priority that receives a strong focus from SLT, committees and the Board.

Summary of improvement areas

As part of this review, we identified three findings of LOW significance:

► The owner of KPI 5 (customer complaints) has recently taken over ownership of the KPI and thus did not have sufficient time and capacity at the time of the review to understand the full remit of the KPI. This included how the KPI links to the Corporate Strategy and the data that sits behind the reported numbers. It is anticipated that the KPI owner will improve their knowledge of the KPI in the near future and thus provide the right level of scrutiny and checks. We also noted that some data is manually collated and joined with automated data, which increases the risk of error and inaccuracies.

► For three out of five of the KPIs (KPIs 1,4 & 5) there was a lack of consistent review of the assumptions that sit behind them. Consistent review will help to ensure that KPIs are based on up to date and realistic considerations.

► Lessons learnt activities are not consistently formally undertaken and documented.

The 11 existing KPI's for 2021/2026 are the following:

► KPI 1 - the proportion of cases concluded at each stage that are within KPI (FTP)
► KPI 2 - S.29 appeals and learning points (FTP) (considered as data for information)
► KPI 3 - Education Quality and Timeliness (Education)
► KPI 4 – Registration responsiveness (Registration)
► KPI 5 - Customer service: Number of complaints and % upheld (Customer service)
► KPI 6 - Professional practice and insight: 60% of registrants said their practice would change as a result of information gained through a professional liaison learning event (Professional practice and insight)
► KPI 7 - Finance: Performance against budgeted operating expenditure in range of 91.4% to 101.6% (Finance)
► KPI 8 - Availability of core IT systems Target: >99.5% (Information technology)
► KPI 9 – Security Score Target: >80% (Information technology)
► KPI 10 - Voluntary staff turnover Target: <21% (HR)
► KPI 11 – Recruitment and onboarding efficiency (HR)

DETAILED FINDINGS

Detailed findings

Risk 3: The attestations made to the achievement of KPIs are inaccurate and not based on reliable and sufficient data to allow for informed decision making.

Finding 1 – KPI 5 ownership and data accuracy	Type
It is key for Key Performance Indicators (KPIs) to have owners who have a good understanding of their assigned KPIs. This supports KPI owners and the business to ensure performance is measured accurately, allows for informed decision making and helps to ensure that KPI's align and continue to align with the organisations corporate plan and strategic objectives. We identified through interviews with the KPI 5 owner that they were not fully aware of key elements of their KPI. For example: ▶ How the KPI aligns with the Corporate Plan and Strategy ▶ How the KPI sufficiently covers key areas of the HCPC business ▶ The assumptions that the KPI is based upon. The KPI owner only recently took over ownership of the KPI (end of Q4 2023/24) and due to various constraints including competing priorities has not yet had a chance to fully familiarise themselves fully with the KPI. Moreover, with the development of new KPIs that will serve the new Corporate Strategy, we consider that development, refinement and implementation would require further steps. When we completed a walkthrough of the KPI and its associated data, we understood that the data capture process relies on Lotus Notes (system to capture complaints) and a manual data collection process.	Design

Implication	SIGNIFICANCE
Where KPI owners are not fully aware of their KPIs and how the KPI links to the organisations wider objectives there is a risk that data captured is not fully understood which can lead to poorly informed decision making.	Low

Recommendations	Action owner	Management response	Completion date
1. We recommend that HCPC undertake the following, for the development of new KPIs and to ensure their ongoing maintenance: a) **Alignment workshops:** Organise workshops and meetings where KPI owners can collaborate and discuss how their KPIs support the current and new Corporate Strategy, fostering a shared understanding and commitment to strategic goals. b) **Good documentation, regular communication and training:** Ensure a routine communication and on the job training programme and documentation for new KPI owners and for the introduction of new KPIs This should include information such as KPI purpose and alignment with the Corporate Strategy.	a) AS b) AB c) AR	a) *Accept – this will be integrated into the overarching corporate strategy development which will take place in 2025/26 to ensure the new KPIs are aligned to the new strategy.* b) *Accept – we will ensure appropriate KPI training included in the induction programme.* c) *Accept – This will be considered as part of the 2024/25 Feedback &*	*March 2026*

c) **Automation:** Investigate automating manual parts of the data collection for KPI 5.		*Complaints review*	

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Detailed Findings

Risk 3: The attestations made to the achievement of KPIs are inaccurate and not based on reliable and sufficient data to allow for informed decision making.

FINDING 2 – Review of KPI assumptions	Type
Having a regular review of KPI assumptions is important to ensure that KPIs are based on relevant and accurate information, allowing organisations to adapt to changes in circumstances and subsequently to help them to achieve an organisations' strategic objectives. From our review of a sample of five KPIs, we identified that three of the KPIs (1,4, & 5) currently do not have a regular review process in place for the assumptions that sit behind the KPIs.	Design
Implication	**Significance**
Without regular reviews of the assumptions that KPIs are based on, there is a risk KPIs are out of date, are based on inaccurate information and may not produce outputs that can be relied upon to allow for informed decision making.	Low

Recommendations	Action owner	Management response	Completion date
2. HCPC should undertake regular (cyclical) documented reviews of their KPIs and associated underpinning assumptions to ensure they remain relevant and accurate.	*AR*	*Accept – we will undertake a full review aligned to the development of the corporate strategy and we will complete a full cycle of review across the KPIs during the lifetime of the strategy.*	*March 2026 (or when the new strategy is developed)*

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Detailed Findings

Risk 4: Reporting to Council takes place on a regular basis therefore ensuring that corrective measures for underperforming KPIs are established and actioned.

FINDING 3 – Lessons Learnt & areas of KPI underperformance	Type
Documenting lessons learnt is essential for organisation to learn from past experience. It allows for future development in continuing to do what an organisation does well and identifies areas for further development. During interviews with a sample of five KPI owners, we identified that apart from KPI 11, lessons learned activities are not consistently documented. However, it was noted that there are future commitments from the KPI owners to implement a more formalised approach to lessons learnt activities going forward. On review of Council meeting minutes, we reviewed the CEO's performance report for May 2024 for the five KPIs in our sample. We noted that KPIs 1 & 4 were underperforming. KPI 1, FTP – There is a balance that HCPC are trying to strike between managing older and newer cases. As a result, this is causing the KPI attainment to be RAG rated red. KPI 4, registration responsiveness international, there has been an increase in the volume of applications each month and the need for further resources to be allocated. Plans are in place to address both KPI 1 and KPI 4 to get them back on track, for example additional resources has been agreed by ELT for Registrations to support the Registration team in attaining KPI 4 along with a new team operating model.	Design
Implication	**Significance**
Where lessons learned activities are not formally captured, there is a risk that areas for improvement are not identified and improved and areas of best practice are not optimised, this can result in KPIs not formulated in the most optimal way for success for the 2026 HCPC strategy.	Low

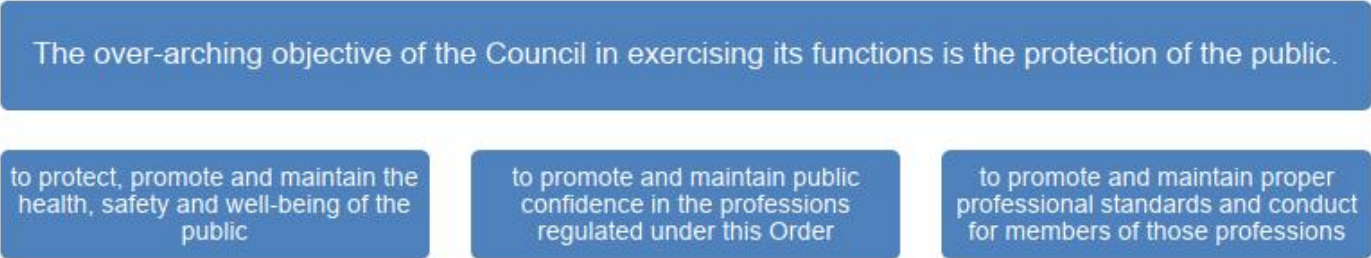| Recommendations	Action owner	Management response	Completion date
3. HCPC should consider establishing a standardised template for documenting lessons learned from each KPI review cycle. This should include details of successes, challenges, and specific actions taken.	*AR*	*Accept - Recommendation a: as part of the cyclical review of KPIs (see recommendation 2 above) we will develop a process and document to capture that review.*	*March 2026*

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Appendices

Objectives, Strategy Aims and Strategic Risks – for reference

hcpc health & care professions council

Statutory objectives

The over-arching objective of the Council in exercising its functions is the protection of the public.

| to protect, promote and maintain the health, safety and well-being of the public | to promote and maintain public confidence in the professions regulated under this Order | to promote and maintain proper professional standards and conduct for members of those professions |

Strategy Aims

1. To improve our performance against PSA standards of good regulation and to innovate across all our regulatory functions to provide an enhanced user experience

2. Enable our professions to meet our standards so they are able to adapt to changes in health and care practice delivery, preventing harm to service users

3. Learning from data and research to inform our decision making and share insights to protect, promote and maintain the health, safety and well-being of the public

4. We regulate, take and communicate decisions which are informed by a deep understanding of the environment within which our registrants, employers and education providers operate

5. Employees feel valued and supported, and fully able to contribute. The organisation is resilient and able to quickly adapt to changes in the external environment

6. The public, registrants, students and employers understand the value and importance of regulated health and care professionals

Strategic Risks

1. Our performance does not improve to a standard that enables us to achieve all the PSA standards of good regulation. In seeking to meet these standards we lose focus and lose standards in other areas

2. The HCPC's regulatory expectations are not appropriate or not understood by registrants and other stakeholders

3. We are unable to harness the benefits of the wealth of data we hold

4. We do not understand our stakeholder's needs and so are unable to be the regulator they (the wider system) need

5. The resources we require to achieve our strategy are not in place or are not sustainable.

6. We are unable to demonstrate the value of regulation due to negative experiences of our regulation in practice

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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	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	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, that may put some of the system objectives at risk.
Limited	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	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.

Audit and Risk Assurance Committee 13 November 2024
Internal audit report - KPIs

Appendix II: Terms of reference

Extract from terms of reference
Purpose
The purpose of this review was to provide assurance over the design and operational effectiveness of the key controls in relation to the corporate key performance indicators. Specifically, this audit is intended to identify any material deficiencies in the way KPI data is collected. This will help to confirm that the reporting and data gathering mechanisms are fit for the future. This review will also consider the management and ownership of data that sits behind the achievement of the KPIs and whether information is reliable, up to date and allows for informed decision making.
Key risks
1. A clear process is not in place to support in collating and reporting on KPIs.
2. KPIs in place are not suitable to support HCPCs business objectives.
3. The attestations made to the achievement of KPIs are inaccurate and not based on reliable and sufficient data to allow for informed decision making.
4. Reporting to Council does not take place and therefore there is a risk that any corrective measures for underperforming KPIs are not established and actioned.
Scope
The following areas were covered as part of this review:
▶ Guidance, KPI coverage, KPI data & its governance and Reporting.
Approach
Our approach was to conduct interviews and walkthrough testing to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described and operating effectively.
Exclusions
The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. The scope of the review is limited to the areas documented under the scope and approach. This audit will not review the information for all 11 KPI's but instead a sample of KPIs to test will be undertaken.

Audit and Risk Assurance Committee 13 November 2024
Internal audit report - KPIs

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.		
Andrew Smith	Dep CEO, ED of Educations, Registration & Regulatory Standards	Key sponsor/Action owner
Alastair Bridges	ED of Resources	Key sponsor/Action owner
Laura Coffey	Executive Director of Fitness to Practice and Tribunal Services	KPI 1 Owner
Claire Baker	Head of Adjudication Performance	KPI 1 Owner
Paul Douglas	Interim Regulation Leader (FTP)	KPI 1 Owner
Richard Houghton	Head of Registration	KPI 4 Owner
Ewan Shears	Governance Officer	KPI 5 Owner
Anna Raftery	Head of Quality Assurance	KPI 5 Owner
Geoff Kirk	Technology and Digital Leader	KPI 9 Owner
Jason Roth	Infrastructure Architecture and Data Manager	KPI 9 Owner
Fatma Ali	Head of HR	KPI 11 Owner

Appendix IV: Limitations and responsibilities

Management responsibilities

The Board 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 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 covers 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 is 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.

Audit and Risk Assurance Committee 13 November 2024
Internal audit report - KPIs

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