BDO

Health and Care Professions Council

Stakeholder Engagement

Audit report – Final

November 2024

LEVEL OF ASSURANCE:	
DESIGN	Moderate
EFFECTIVENESS	Moderate

CONTENTS

RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

DISTRIBUTION LIST

FOR ACTION	Matthew Peck	Head of Communications
FOR INFORMATION	Adam Haxell	Relationship Manager
	Kellie Green	Head of Professionalism and Upstream Regulation

REPORT STATUS

Lead auditor:	Abdul Muqsit
Reviewed by:	Heather Buckingham, Bill Mitchell
Dates work performed:	05 August 2024 – 16 August 2024 & 22 August 2024
Last information received:	07 October 2024
Draft report issued:	14 October 2024
Management responses Received:	31 October 2024
Final report issued:	04 November 2024

Executive summary

Level of assurance: (see appendix i for Definitions)

DESIGN	MODERATE	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	3		3
L	0		0
TOTAL NUMBER OF FINDINGS: [3]			

Our testing did not identify any concerns surrounding the controls in place to mitigate the following risks:

✓ Definitions & terminology

✓ Active and ongoing stakeholder engagement

✓ Benchmarking

Background

As part of the internal audit plan for 2024/25, as approved by the Audit and Risk Assurance Committee (ARAC) we undertook a review of Stakeholder Engagement.

HCPC engage with several different stakeholders both internally and externally to guide their policy and strategy. HCPC are keen to manage its stakeholders in the most efficient and effective manner to support HCPC to achieve its strategic objectives.

The AA1000 Stakeholder Engagement Standard is described as a simple, relevant and practical framework to manage stakeholders. Whilst HCPC do not currently have a benchmark for stakeholder engagement, this will be the framework used to help guide and map our assessment of HCPC's approach to stakeholder engagement.

HCPC use Microsoft applications to manage stakeholder engagement including, Outlook, Planner, and 'OneNote'. HCPC has acknowledged that there is more they can do to develop a collaborative approach across the organisation, so that stakeholder engagement is optimised.

HCPC have an outsourced communication agency, Luther Pendragon, to support in stakeholder engagement, with whom HCPC meet on a regular basis.

Stakeholder management can be summarised as follows:

Stakeholder	Managed by
Stakeholder registrants (directly or indirectly (e.g. via employers)	Multiple owners depending on issue (internal)
Professional bodies	Relationships Manager (internal)
High profile individuals and policy makers	Luther Pendragon (external)

Scope

▶ Stakeholder Input

▶ Links to wider business strategy

▶ Identification & prioritisation of key environmental factors

▶ Roles and responsibilities.

Purpose

The purpose of this review was to provide assurance over the design and operational effectiveness of stakeholder engagement. Specifically, the audit considered the current arrangement for stakeholder engagement. It considered whether the arrangements are conducive to building effective relationships that disseminate to consistent and proportionate communications and engagement with stakeholders.

PSA 5

This review aligns with PSA Standard 5: *The Regulator consults and works with all relevant stakeholders across all its functions to identify and manage risks to the public in respect of its registrants.*

Conclusion

We identified areas of good practice in relation to stakeholder management at HCPC, such as the Chair's report to Council on active stakeholder engagement which has taken place.

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

▶ No stakeholder plan or policies, procedures and guidance in place for the management of stakeholders.

▶ The contract between Luther Pendragon and HCPC could more clearly set out roles, responsibilities and expectations. As stakeholder management at HCPC has a broad range of activities and only some are undertaken by Luther Pendragon, there is potential for confusion amongst stakeholders and HCPC staff about roles, leading to duplication, and disjointed stakeholder engagement.

▶ Luther Pendragon do not have direct access to other stakeholder activity that HCPC undertakes on an ongoing basis, again resulting in inefficiencies or disjointedness with stakeholders.

As a result of our review, we can provide Moderate assurance over the design and the operational effectiveness of controls.

Executive summary

Summary of good practice

▶ **Defining stakeholders** – A communications strategy (2024-2026) was developed, and details at a high level who HCPC communicates with, the priority of the 'audiences' as well as the different ways in which stakeholders can be reached, i.e. via both external (social media – e.g. 'X') and internal (intranet) communication methods. Stakeholders filter into three main groups and are either managed internally via the Professionalism and Upstream Team, the Relationships Manager or externally by Luther Pendragon helping to ensure that stakeholders are managed consistently within their group remits.

▶ **Planning engagements** – All engagements undertaken by the HCPC Relationship Manager and Luther Pendragon are documented and planned using MS Planner. In addition, Luther Pendragon discusses their planned stakeholder management with the Business Manager weekly to ensure there is no duplication with any internal HCPC officers who may be corresponding with stakeholders. Subsequently Luther Pendragon or internal colleagues prepare a more detailed note for the engagement (briefing), considering past meetings, upcoming events and agendas helping to ensure the maximum impact when the Chair / CEO meet with the stakeholder.

▶ **Team co**-ordination – HCPC have adopted a risk-based approach to stakeholder management. On occasion, through stakeholder engagement, the relationship manager may be made aware of information that would be beneficial to raise to another HCPC team. A concern recently raised was regarding the quality of the international registrants. This information was then passed to the relevant team (in this case, Registration team) to make them aware of the concern for them to consider as part of their work with international registrants. This enables HCPC to proactively manage and be prepared to manage potentially difficult areas of contention and proactively look for solutions, such as webinars to aid support.

▶ **Annual Contact Confirmation** – Annually, the Relationship Manager confirms the information held for the professional bodies' contacts to ensure that all correspondence is reaching the right person at the right time. Changes to MPs for example will be identified on an ad hoc basis and then updated by Luther Pendragon and the Business Manager accordingly.

▶ **Stakeholder Listing** – HCPC have compiled a list of stakeholders that includes those in professional bodies and other relevant groups (e.g., Officials, Union, Regulators). This list helps maintain contact within each professional body and includes a mass contact list for Forum Invites for the CEO and Chair. Each stakeholder is managed slightly differently, and the information recorded on OneNote will reflect this. For example, if a stakeholder only wants to be contacted on an annual basis, this will be documented on OneNote and will help to ensure the completeness of the records maintained.

▶ **Recording and storing** – We sample tested six stakeholder engagements to verify whether they were contacted periodically and that outcomes were recorded. For the sample selected, OneNote included timely updates. The detail within OneNote varied with some referencing as a dialogue and other records as direct actions for example following up with a particular team or noting anything significant from the meeting. We verified that the information on OneNote enabled other officers to assess current positions and know what actions have been completed and the respective next steps helping to ensure efficient and effective stakeholder management.

▶ **Policy changes** - For all major policy changes, HCPC undertake a formal consultation. Stakeholders are directly contacted (via letter or email) to alert them to the consultations and the process and ask for any feedback or queries they may have. Depending on the change, HCPC may also use other channels (e.g. newsletters, regular meetings etc), to raise the changes and seek input from stakeholders. A recent example was the fees consultation and changes, which included the above means for feedback and awareness.

▶ **Lessons learnt** – Lessons learnt discussions regarding interaction with stakeholders and upcoming tasks are discussed on a regular basis at various forums. For example, there are weekly meetings with Luther Pendragon and HCPC, regular reporting to the Executive committee and reporting to Council meetings on stakeholder engagement information through ELT papers. The updates include information such as meetings and events due to be held and by whom and any other key stakeholder information. The Chair provides regular updates on stakeholder interaction as part of the Chairs report. The July 2024 report to the Council noted stakeholders he met with.

▶ **PSA standard 5**: In the latest PSA report 2022/23 note 5.3, referenced that HCPC stakeholders were positive about the engagement they have had with HCPC and found regular meetings and dedicated liaison managers helpful. PSA standard 5 was achieved and since the PSA review further enhancements have been made to liaising with stakeholders further.

Summary of key themes

We identified the following 3 Medium priority findings where HCPC could enhance the stakeholder management process. Benchmarking against AA1000 Stakeholder Engagement Standard is included within – Appendix I:

▶ A stakeholder plan supported by policies, procedures and guidance is not in place for stakeholder management. Plans and guidance help to ensure an agreed approach to stakeholder management is followed setting out clear roles and responsibilities and helping to ensure there is no duplication of work.

▶ A signed contract and contract extension is in place for Luther Pendragon and HCPC, however the contract is not sufficiently detailed to lay down all expectations and it is not clear the full remit of Luther Pendragons responsibilities, whilst this is understood informally within the business.

▶ Luther Pendragon do not have direct access to all stakeholder information and interactions that HCPC have had with stakeholders. This can cause inefficiencies where Luther Pendragon cannot readily see communications and assess for themselves as proactively the optimum next steps to take.

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

Detailed findings

Detailed findings

Risk 2: A clear process and guidance is not in place to deliver stakeholder engagement.

Finding 1 – Lack of policies, procedures and guides for stakeholder engagement	Type
A framework for managing stakeholders such as a well-defined strategy, supported by a plan and underpinned by policies, procedures and guidance helps to ensure that staff act in a consistent and agreed manner to manage engagement with stakeholders. **Guidance** A communications strategy 2024-2026 (the strategy) is in place which refers to communications with stakeholders at a high level. The strategy was not (at the time of the audit) underpinned by a stakeholder plan to detail how stakeholders will be engaged such as wider stakeholder projects, e.g., meetings or webinars sessions with all registrants, wider publications etc to keep stakeholders engaged and interest piqued. Since the audit fieldwork, a relationship management document 2025 has been developed which depicts a proposed schedule of meetings for the Chair, CEO and deputy CEO. The document includes stakeholders, purpose, attendees and frequency. Furthermore, policies procedures and guidance are not in place to guide staff operationally on how to manage stakeholder relationships and ensure consistency within the assigned stakeholder groups. Key elements such as purpose and scope of engagements, periodic objectives, who the key and strategic stakeholders are and how regularly they are engaged is not formally documented. **Documenting stakeholder management** Interaction with the different stakeholder groups is recorded on OneNote or an equivalent (such as on MS Planner) to enable and ensure that there is a clear and documented trail of interaction to help avoid duplication of engagement and to support in efficient management. We note that should the relationship manager be on leave, or leave the business, there is no other individual within HCPC who is fully aware of how professional bodies are managed as a stakeholder group, the group that HCPC is there to regulate. **Stakeholder group management** Whilst we were made aware of the three types of core stakeholder groups and who manages these, this is not formally documented. **Management of stakeholder queries** HCPC may be contacted via different channels by stakeholders. The stakeholder may contact HCPC for simple data requests, meeting requests or specific queries with the CEO or Chair. It was not clear how queries received from different stakeholders are escalated and triaged and subsequently referred to the most suitable stakeholder lead. There is no log maintained of the queries that are received, and how they are managed.	Design

Implication	Significance
Where a formal plan, supported by policies, procedures and guidance are not in place to help ensure that stakeholder groups are managed in a consistent manner there is a risk that stakeholders are not managed in an optimised way to maintain a good relationship.	Medium

Recommendations	Action owner	Management response	Completion date

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1. HCPC should:	*Matthew Peck*	*We agree that this is required, and further work is scheduled for this financial year and next. However, it should be noted that the production of this documentation will require resource, and this will need to be balanced with current delivery activity.*	*March 2026*
a) Develop a stakeholder plan for the short to medium term for all stakeholder groups.			
b) Develop documented policies, procedures and guidance for how to manage different stakeholder groups and who manages different groups. Identify and implement best practice from each methodology. (This will help to prevent any risk from key person dependency).			
c) Develop a stakeholder query log that details queries / comments that have been received, who receipted them, how they were managed (i.e. what team the query was referred to) and any subsequent actions.			

Detailed findings

RISK 2: A clear process and guidance is not in place to deliver stakeholder engagement.

Finding 2 – Luther Pendragon contract with HCPC includes insufficient detail	Type
Appropriately detailed contracts between organisations and third parties help to ensure clarity on roles and responsibilities and the expectations for the successful delivery of the contract. Luther Pendragon was appointed as the outsourced stakeholder facilitation team from April 2022, with an extension letter signed in December 2023 securing the service until 31 March 2025. The contract documented several bullet points of services that Luther Pendragon would provide such as 'management of media at up to seven events, working with departmental press office' etc, it does not clearly articulate how this would work in practice and how Luther Pendragon would support HCPC to sufficiently manage its stakeholders. For example, facilitating the management of high-profile individuals such as MPs, there was no narrative to describe how this would work. Furthermore, as per finding 1, as there is no Stakeholder Plan or clear policies and procedures for managing stakeholders there is a lack of clarity of how Luther Pendragon and their services fit within the organisation, or how knowledge is shared across HCPC & Luther Pendragon. While this is known informally by colleagues within the organisation, further clarity and documentation would be beneficial.	Design
Implication	**Significance**
The lack of detailed roles and responsibilities in the contract can lead to confusion, sub-optimal stakeholder management and inefficiencies. Without clear guidelines, there may be overlaps or gaps in stakeholder management, which could affect the quality of communication and coordination between Luther Pendragon and HCPC.	Medium

Recommendations	Action owner	Management response	Completion date
2. Review and update the arrangements in place with Luther Pendragon for the management of stakeholders for HCPC. The expectations should be set and documented and include who Luther Pendragon report to, the remit of their role, where they record information, set timeframes and key performance indicators (KPIs) for stakeholder management.	*Matthew Peck*	*We believe additional clarity in our stakeholder response would be beneficial to all parties, including our outsourced supplier. Alongside a wider stakeholder documentation, a specific requirements document is being created to ensure clarity for our outsourced supplier and internal colleagues.*	*March 2025*

Detailed findings

Risk 3: There is a lack of clarity over who the key stakeholders are and how they are managed

Finding 3 – Inefficiency with stakeholder management	Type
Access to information on organisation wide stakeholder engagement helps to prevent duplication and lends to an efficient and effective process. Stakeholder engagement led by Luther Pendragon is uploaded onto OneNote by the Governance team. Luther Pendragon do have regular meetings with HCPC staff, but do not have access to OneNote to keep up to date on and 'see' when appropriate to do so, stakeholder engagement activity that has taken place or is planned to take place. This has meant that work completed by Luther Pendragon is not as efficient as it could be and could ultimately result in inefficiency and a duplication of work. Information regarding stakeholder engagement could be shared more effectively internally, and this has already been identified by HCPC staff. HCPC are looking to submit a business case for a CRM solution to allow better access across the organisation.	Design
Implication	**Significance**
Where Luther Pendragon does not have access to all stakeholder interaction notes and material there is a risk that Luther Pendragon cannot undertake their role efficiently which could lead to gaps in their knowledge and ultimately a duplication of work for the Chair, CEO and deputy CEO.	Medium

Recommendations	Action owner	Management response	Completion date
3. HCPC should identify how Luther Pendragon can gain access to information on other stakeholder engagement activity undertaken by HCPC on an ad hoc basis. Any 'confidential or sensitive' information could be restricted.	*Matthew Peck*	*We believe making information relating to our engagement more accessible across the organisation, including with our outsourced supplier would be beneficial. The work to improve information sharing is scheduled for next financial year via the development of a business case for a CRM solution. Any solution will ensure everyone with a role in stakeholder management will have access to the information they require*	*March 2026*

Appendices

Appendix I: Benchmarking against AA1000 Stakeholder Engagement Standard

	Practice as per standard	HCPC	HCPC process
3.1	The purpose for stakeholder engagement shall be defined. The purpose shall be connected to the overall strategy and operations of the organisation	No	The Communications Strategy highlights a high-level description of stakeholder management. However, HCPC have not fully defined the purpose of stakeholder management to the HCPC and how this interaction fully aligns with HCPCs overarching strategy.
3.2	The scope of the engagement shall be defined by determining the subject matter the engagement will address, the parts of the organisation (e.g. regions, divisions).	Partially	Although HCPC has approaches and different team that manage and engage with difference audience groups the scope (guidance) is not documented.
3.3	The mandate and ownership of the engagement shall be established. The owners of the engagement shall have the appropriate competencies.	Yes	There are designated teams for the different audience groups which the guidance documents can call out in terms of roles and responsibilities.
3.4	The owners of the engagement shall identify stakeholders relevant to the purpose and scope of the engagement. They shall establish a methodology to identify stakeholders.	Partially	As above.
4.1	The owners of the engagement shall profile and map the stakeholders. They shall establish a methodology to profile and map stakeholders. This profiling and mapping shall be taken into consideration in the planning and implementation of the engagement.	No	A formal engagement plan can be developed to highlight which stakeholders from the stakeholders list should be engaged in a specific period (quarterly, semi-annually, or annually). For example, it can outline which MPs should be contacted in the next quarter. This plan can be adjusted as circumstances change.
4.1.2	The owners of the engagement shall determine the level(s) and method(s) of engaging with stakeholders that are best suited to the purpose and scope of engagement and to the relevant stakeholders.	Yes	As all stakeholder's audience groups require different approaches and engagements this are handled on a team to team basis depending on the type of relationship.
4.1.3	The owners of the engagement shall establish the boundaries of disclosure of the engagement and shall clearly communicate these boundaries to their stakeholders	Out of scope.	Out of scope.
4.1.5	Indicators for the quality of stakeholder engagement based on the requirements of AA1000SES (2015) as well as indicators that measure the engagement impact shall	Yes	HCPC are assessed by their regulators on a periodic basis for their quality of engagement with stakeholders.

	be established. Stakeholders shall have the opportunity to provide input into the indicators.		
4.3	Document the engagement and its outputs	Yes	HCPC monitors its outputs for different stakeholder in different ways including OneNote for outputs and MS Planner for planning future engagements.

Appendix II: 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, which 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.

Appendix III: Terms of reference

EXTRACT FROM TERMS OF REFERENCE
PURPOSE
The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in relation to stakeholder engagement. Specifically, this audit is to consider the current arrangement for stakeholder engagement and where this is conducive to building effective relationships that disseminate to consistent and proportionate communications and engagement with stakeholders. The work of the professional liaison team will be included.
KEY RISKS
The key risks with this area of activity are whether: • Staff are unclear on the definition of 'stakeholder' and associated terminology, leading to a suboptimal stakeholder engagement strategy and approach. For example, this could arise because stakeholders are not defined sufficiently widely. • A clear process and guidance is not in place to deliver stakeholder engagement. • There is a lack of clarity over who the key stakeholders are and how they are managed. • Key stakeholder relationships are not built or maintained. • Stakeholder management is not based on best practice putting relationships in jeopardy.
SCOPE
• Stakeholder Input • Links to wider business strategy • Identification and prioritisation of key environmental factors • Roles and responsibilities

Appendix IV: Staff interviewed

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCEAND COOPERATION.		
Adam Haxell	Strategic Relationship Lead	
Adam Thomas	Director Head of Public Affairs, Luther Pendragon	
Kellie Green	Head of Professionalism and Upstream Regulation	
Matthew Peck	Head of Communications, Engagement and Public Affairs	
Patrick Armsby	Professionalism and Upstream Regulation Manager	

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Appendix V: 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.

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