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The Health and Care Professions Council

Review of Recruitment and Retention Report

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Distribution		Timetable	
For action	Teresa Haskins, Director of Human Resources	Fieldwork completed	21 February 2017
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Glossary

The following terms are used in this report:

HCPC	The Health and Care Professions Council
FTE's	Full Time Equivalents
FtP	Fitness to Practice

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It is the responsibility solely of the Health and Care Professions Council's management to ensure that there are adequate arrangements in place in relation to risk management, governance and control.

1 Executive Summary

1.1 Background

As part of our 2016-17 Internal Audit Plan, it was agreed with the Health and Care Professional Council's Audit Committee and Management that Internal Audit would perform an audit of staff recruitment and retention. The objective of the review was to assess whether HCPC's approach and method for successful staff recruitment and retention are coherent and effective.

The scope of the review was to evaluate whether the HR recruitment and retention processes are effective and operating as intended. In addition, to assess HCPC's ability to attract and retain talent, including an assessment of the staff reward, appraisal structures and succession planning (specifically the approach and arrangements for the Executive Management Team).

The HCPC is a regulator whose primary objective is "to safeguard the health and well-being of persons using or needing the services of registrants". They currently have a budgeted headcount of 257 employees and an actual headcount of 252 FTE's (full time equivalents) as at the end of December 2016. Following a period of expansion, HCPC aims to now keep employee numbers relatively stable at around 250 – 270. This is to ensure that business efficiencies are achieved and a lean organisation is maintained.

Recruitment and retention processes to ensure achievement of the organisation's strategic intent are contained in the Human Resources Strategy. This document was prepared by the Director of Human Resources. There are seven key strategic objectives within the Strategy to support overall organisational goals and values:

1. Recruit and retain high quality people

- To balance and grow existing talent and providing internal career opportunities with attracting diverse experience and specialist skills from outside the HCPC.
- To recruit the right numbers of high quality employees and partners to support the HCPC without over expanding.

2. Train and develop people

- Expand employee training and development activities and support partner training to provide the skills, knowledge and expertise needed by the HCPC to drive organisational performance.
- Support employees in their longer term career development through further study, secondments, projects, etc.

3. Encourage high performance

- Continue to develop management and leadership capabilities amongst the Executive Management Team (EMT) and managers.
- Work with departments to ensure that employee management practises and partner assessment processes facilitate high performance.

4. Ensure legal compliance and best practice

- Ensure that all employee and partners policies and processes are legally compliant.
- Ensure that all employee and partner policies and processes reflect best practise, promote diversity and fit with organisational requirements and values.

5. Encourage a positive organisational culture

- Work with the EMT and the Communications department to ensure that the organisation listens to employees through channels such as away-days, surveys, focus groups etc., and takes action as a result.
- Continue with commitment to support flexible working, a healthy work/ life balance and health related initiatives

6. Encourage innovation and collaboration

- Work with the EMT and with the Communications department to encourage collaboration across departments and opportunities to share new ideas
- Provide forums (Employee Consultation Group, Cross Departmental Group, etc.) for employees to express opinions and suggest business improvements

7. Reward people according to their contribution

- Maintain a fair, transparent and cost effective pay and reward system which is clearly communicated to employees
- Provide rewards to employees in the form of personal development and career opportunities.

HCPC's voluntary employee turnover rate for the 2016/17 financial year is 18%. HCPC's Director of HR advised us that this is slightly higher than the latest available national figure for voluntary turnover of 16%. HCPC's overall labour turnover rate of 19% remains below the national average of 21.5% (source: 'XpertHR Labour turnover rates' published 24 October 2016). Turnover rates are monitored by management on a monthly basis.

These higher levels of employee turnover have impacted the volume of recruitment carried out by the HR team with recruitment campaign numbers having increased by 18% compared with projected workload. To support this increase additional temporary resource has been engaged.

There have been 82 recruitment campaigns since 1 April 2016 and these formed the basis for selecting our samples for testing purposes.

We randomly selected five posts (for which there were 56 applicants) for audit testing purposes. The posts selected were:

- PA to Director of Education
- Quality Compliance Manager
- Reception Manager
- Assurance and Development Manager
- Scheduling Officer.

We also interviewed three recruiting managers that were responsible for four of the five campaigns tested. This was to obtain their views on the effectiveness of both the recruitment and retention processes. We also interviewed three new members of staff to obtain their views on both processes too. Further details on responsibilities, approach and scope are included in Appendix A.

1.2 Overall assessment

Based on the posts included in our sample testing, our audit concluded that HCPC human resource recruitment processes are largely operating as intended. Our testing identified a high level of compliance with policy and procedures and each appointment made was consistent with the documented panel decision. This included evidence of controls to provide safeguards for applicants with protected characteristics (under the Disability Confident Scheme which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post).

The recruiting managers/interview panel chairs and new members of staff we interviewed all welcomed the support provided by the HR team during

the recruitment process. They also identified areas where it was felt HR added value through attending the interviews, for example, providing a different perspective on each of the candidates and also ensuring adherence to the agreed process. We note that all Recruitment Managers interviewed as part of the audit, described the process as being collaborative.

As part of our testing we identified three low rated issues for management attention in the administration of the process. One related to the retention of supporting documentation for shortlisting candidates for interview. The second was around the lack of a reference for a new starter covering the agreed minimum three year period. The third was around the review of recruitment processes and supplementary training.

Our assessment of retention processes was limited to an assessment of current retention processes, interviews with five members of staff and being provided with a copy of the recent (December 2016) benchmarking salaries assessment report conducted by an external consultant. However, it should be noted that the findings in this report remain confidential at the date of reporting.

The appraisal process (ADPR) is undertaken twice yearly, a mid-year meeting and a formal year end appraisal. Currently this process is not linked to pay but is about identifying key goals and development opportunities for staff. All staff interviewed advised us that the key reason that they stay is that they enjoy working for the organisation and the opportunities to progress and develop internally. The APDR process was seen to support the individuals in this process of developing their career at the organisation. On-going succession planning activity for key staff members and EMT members has recently led to a review of notice periods and an increase in some cases. However recently there have been no resignations within this group of individuals. There is currently no formal Retention Strategy document.

The table below details the key findings from our review.

1.3 Key findings

Risk / Process	High	Medium	Low	Info.
Shortlisting scoring	-	-	1	-
Reference coverage period	-	-	1	-
Guidance and training	-	-	1	-
Total	-	-	3	-

Further details of our findings and recommendations are provided in Section 2 of this report.

Refer to Appendix B for definitions of internal audit issue ratings.

1.4 Basis of assessment

For the key processes reviewed, we found that for the sample selected:

- The recruiting manager/interview panel chair was given the opportunity to approve the essential criteria, role and job description, panel membership and the advertising strategy.
- The media chosen to publicise the job opportunities was suitable to attract the right applicant, taking account of the nature of the role and the relevant job market (for example, HCPC website, LinkedIn, The Guardian and appropriate agencies).
- A completed application form or CV had been received in all cases by the closing date.
- All applicants had been accurately recorded in the HR application system.
- Each Selection Panel ordinarily consists of two or three appropriate people to oversee the appointment process. HR staff attended interviews when they were invited to do so by the interview panel chair.

- Part 1 of the application form (personal details including age, sex, ethnicity and diversity) had been removed prior to shortlisting to ensure no bias.
- Interviews were offered to those applicants that achieved the highest standard scoring for the role, based on essential criteria.
- There was evidence consisting of completed scoring sheets that the Panel assessed each candidate against the published essential criteria, including competences, skills and experience.
- Taking all of the evidence into account, the panel correctly established the candidate(s) which were appointable and placed them in order of merit.
- Based on the identified order of merit the correct applicants were offered the roles.
- Acceptance and rejection notifications were sent out in a timely manner.
- References were obtained in accordance with the agreed processes (other than for one successful candidate).
- ID checks were undertaken for all successful candidates.
- Contracts of employment were issued to all successful candidates on a timely basis and were found to be consistent with the advertised salary band.

1.5 Acknowledgment

We would like to take this opportunity to thank the staff involved for their co-operation during this internal audit. Their details can be found at Appendix A.

2 Detailed Findings

2.1 Compliance with HR Recruitment policies and procedures

1.	Low	Shortlisting of candidates for interviews
Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>As part of our review, we randomly selected five recent recruitment campaigns for testing purposes. This included the recruitment of the Quality Compliance Manager and Scheduling Officer.</p> <p>Applications were received from 23 candidates for the two positions on offer.</p> <p>Whilst we identified mainly a high level of compliance with the approved procedures, as detailed in Section 1 of this report, we identified a failure to file documents in a central location leading to a delay in locating the interview shortlisting score sheets for these two campaigns.</p> <p>Current procedures state that the candidates should be scored by the Panel Chair and one other member of staff for interview shortlisting purposes. These documents should be retained in the agreed central location so that they can be quickly located to demonstrate that the process has been adhered to.</p>	<p>We recommend that the HR Business Partner and recruiting manager ensures compliance with agreed policies and procedures and that supporting documentation is retained in the agreed central location for all decisions taken.</p> <p>The introduction of the Core HR Portal and electronic transfer of recruitment documentation will support this process as shortlisting will take place within the system.</p>	<p>Owner/Action: HR Business Partner – review of filing implemented immediately.</p> <p>Date: On-line recruitment within Core HR to be operational by April 2017</p>

1.	Low	Shortlisting of candidates for interviews
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>We identified that the paperwork for this process could not be immediately located during our review for the Quality Compliance Manager candidates (all six candidates) and for seven of the Scheduling Officer candidates (there were 17 candidates that applied in total).</p> <p>However, we were advised by both the Panel Chairs and HR staff that the process had been followed correctly but the paperwork simply could not be located during the on-site field work.. The paperwork was however located in email folders and was promptly provided after the draft report was shared with management..</p> <p>We understand from the HR staff that applicants would not be invited to the interview stage if the paperwork had not been received by them at the time of the campaign.</p> <p>Failure to file documentation in a central location to demonstrate a level of consistency in shortlisting candidates for interview may lead to delays in responding to external challenge over the result of the exercise.</p>		

2.	Low	References undertaken for successful candidates
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>We understand from our meeting with the HR Business Partner that references for successful candidates should cover a minimum three year period. We further understand from the HR Business Partner that discretion maybe applied depending in the applicant’s history and experience.</p> <p>Our testing highlighted that for one successful candidate for a fixed term role their reference did not cover this minimum period.</p> <p>The references obtained covered the periods from 19 November 2015 to the date of employment and a further reference from 27 June 2012 to 19 July 2013. The application form for the individual provided details of a further two short –term assignments of four months’ and two months’ duration respectively over the period August 2013 to November 2015. Discretion was applied in this case and the decision was taken to obtain a reference for the longer period of employment (June 2012 – July 2013) rather than the slightly more recent but much shorter contracts.</p> <p>References validate (or not) what the candidate has put on their CV and told you during selection and therefore failure to provide them for the agreed minimum period could lead to external challenge over the result of the exercise.</p>	<p>The HR Business Partner should ensure that references for all successful candidates are provided in accordance with the agreed procedures provided that this is reasonable, proportionate and appropriate given the details of the individual’s work history.</p>	<p>Owner/Action: HR Business Partner. Reference policy will continue to be followed, references will be reviewed and discretion will be applied about time periods in appropriate cases.</p> <p>Date: N/A</p>

3.	Low	Recruitment procedural guidance and training
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>Existing recruitment procedural guidance is contained in a number of individual documents, these include:</p> <ul style="list-style-type: none"> • Interview assessment guidance • Stages of the interview guidance • Process flowchart for recruitment <p>A number of these documents were last reviewed/updated in December 2015. Training in the guidance was also last provided in December 2015. The recruiting managers that we interviewed during the review all stated that they would benefit from further training in the recruitment process.</p> <p>Failure to have procedural guidance in a single location, complemented with recent training, may lead to recruiting managers not comprehensively following the agreed process. This may lead to external challenge over the process.</p>	<p>The HR Business Partner should ensure that all recruitment procedural guidance is reviewed, up to date and maintained in a single place for ease of access.</p> <p>Recruitment training should also be offered to all existing and new Recruitment Managers and recruitment panel members.</p>	<p>Owner/Action: HR Business Partner. Recruitment Guidance will be reviewed and training delivered as part of our on-going 'HR Essentials' programme by March 2018</p> <p>Date: March 2018</p>

A Internal Audit Approach

Approach

As part of our 2016-17 Internal Audit Plan, it was agreed with the Health and Care Professions Council's Audit Committee and Management that Internal Audit would perform an audit of Recruitment and Retention processes. It was agreed that the approach to this audit would involve:

Our approach to this audit involved:

- undertaking specific testing of selected recruitment campaigns (since 1 April 2016) to assess the robustness of evidence to show that due process was followed;
- undertaking such testing as is necessary to provide assurance as to the design and operational effectiveness of the recruitment process (advertising, shortlisting, interviewing, appointment and record keeping);
- holding discussions with key HR staff, and review documentation as necessary, to gain a broad understanding of the HR policies and processes already in place for staff retention, i.e. remuneration, appraisal process (APDR) and succession planning.
- undertaking structured interviews with a sample of up to six members of staff (which we will confirm with the Director of HR prior to contacting them), including new joiners, existing staff and line managers, to assess the effectiveness of the existing recruitment and retention arrangements;
- comparing existing arrangements with established good practice based on our knowledge and experience of our clients both in the public and private sector to identify scope for improvement and priorities for developing the HR function, making recommendations where improvement is needed.

The review did not cover the following:

- the review is not intended to identify technical or skills gaps within HCPC, to effectively deliver the HR strategy;
- we will not review HCPC's processes for undertaking skills gap analysis
- the review is not intended to be a review of the HR lifecycle, and will therefore not cover the following areas; HCPC's arrangements for induction of new staff, staff learning and development, management development and review of the exit process. It is recognised that these areas impact on employee recruitment, retention and maintaining sufficient technical and managerial skills to deliver the HCPC strategy

We achieved our audit objectives by:

- Meeting with audit sponsors and other key contacts to gain an understanding of the processes in place and the risk areas, building upon information gained through the audit planning process
- Reviewing key policies, procedures and other documents to support management's representations.

The findings and conclusions from this review will support our annual opinion to the Audit Committee on the adequacy and effectiveness of internal control arrangements.

Additional information

Client staff

The following staff were consulted as part of this review:

- Teresa Haskins, Director of Human Resources
- Kim Wilcox, HR Business Partner
- Sam Ha, Acting Recruitment Manager
- Chantel James, HR Officer
- Brian James, Head of Case Preparation and Conclusion FtP
- Rebecca Gray - Quality Compliance Manager
- Jennifer Alvarado, Hearings Officer
- Claire Baker, Scheduling Team Manager
- James McMahon (Office Services Manager)

Documents received / examined

The following documents were received or looked at during the course of this audit:

- HR Recruitment spreadsheet
- CVs/Application forms for the tested campaign
- Interview shortlisting sheets
- Different question type guidance
- Interview assessment guidance
- Stages of the interview guidance
- Interview schedule/score summaries
- Process flowchart for recruitment
- HR Records (references, contract of employment and ID documentation)
- HCPC Benchmarking Report (Bands B – F) 2016/17
- Recruitment and Selection Workshop slides – December 2015

Locations

The following location was visited during the course of this review:

- Health and Care Professions Council
Park House
184 Kennington Park Road
London SE11 4BU

B Definition of audit issue ratings

Audit issue rating

Within each report, every audit issue is given a rating. This is summarised in the table below.

Rating	Description	Features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in control that requires the immediate attention of management	<ul style="list-style-type: none">• Key control not designed or operating effectively• Potential for fraud identified• Non compliance with key procedures / standards• Non compliance with regulation
Medium	Important findings that are to be resolved by line management.	<ul style="list-style-type: none">• Impact is contained within the department and compensating controls would detect errors• Possibility for fraud exists• Control failures identified but not in key controls• Non compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures.	<ul style="list-style-type: none">• Minor control weakness• Minor non compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or best practice advice	<ul style="list-style-type: none">• Information for department management• Control operating but not necessarily in accordance with best practice



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