



## **Audit Committee**

Minutes of the 30<sup>th</sup> meeting of the Audit Committee held on  
Wednesday 25 November 2015

*Unconfirmed*

Chair: Chris Shapcott

Present: Mark Eames  
Brian McKenna  
Martin Owen

In Attendance: Ben Chambers, Registration and Resources Administrator  
Sheleen McCormack, Head of Regulation (Items 1-3)  
Haidar Ramadan, Council Member (observer)  
Matthew Redford, Head of Registration and Resources  
Tim Walker, Chief Executive and Registrar

### **Item 1: Welcome and apologies**

1. The Chair welcomed all participants to the meeting.
2. There were no apologies.

### **Item 2: Minutes of the previous meeting and matters arising**

3. The minutes for the meeting of 02 July 2015 were agreed as a correct record.

### **Matters arising**

4. Members requested an update on the £500k investment following a discussion at the last meeting. The Head of Registration and Resources advised that the text in the Annual Report and Accounts had been amended and he noted that currently Council is reviewing the investment strategy in its entirety.
5. It was noted on page 38 of the Annual Report and Accounts that the Audit Committee was stated to 'provide assurance' and members thought this should change to read 'provide oversight'. The Chief Executive advised that the Annual Report and Accounts cannot be changed at this time but changes to the wording can be made in the future. He also noted it would be useful to cross-reference to

the Terms of Reference for the Audit Committee.

6. Members asked for an update on FRS102 preparations. The Head of Registration and Resources advised that this information will be presented to members at the March 2016 meeting. He reported that, linked to this work, the building revaluation had now been completed. He was currently considering the report and that would form part of the budget documentation which would be submitted to Council in February 2016. He added that a timetable was in place for the audit planning.
7. The Chief Executive noted that Council reappointed Grant Thornton (GT) and advised the Executive had met with GT and set out the position of the Audit Committee following the previous meeting.
8. It was noted that the risk seminar would take place on 04 February 2016, not November 2015 as previously arranged, and that the reconstitution of Council Order had been approved, meaning from 1 April 2016, GOsC will move to a ten member Council.
9. The Chair of Audit Committee reported that he had presented the Audit Committee Annual Report to Council in July 2015 which was well received. He added the Chair of Council highlighted the Audit Committee approach's to the controls framework and put emphasis on the Audit Committee expressing its satisfaction about the controls in place.

### **Item 3: Risk Register**

10. The Chief Executive introduced the revised version of the risk register for the Committee's consideration.
11. He identified some changes which included:
  - a. A new risk relating to the reconstitution of Council had been added – members were reassured that GOsC has had significant interest and applications for the new Council.
  - b. The '1.5 Fitness to practice' risk rating has been increased to red (high risk) due to a targeted campaign of complaints relating to osteopath's advertising. GOsC is not a regulator of advertising and is engaging with the Advertising Standards Authority to mitigate the impact of these complaints.

12. A broad range of topics were discussed including:
  - a. The complaints about osteopaths' advertising, including the reason the campaign started; possibility of increased volume; process of complaints and risk of complainants appealing decisions via Judicial Review.
  - b. The continuity of decision making by the to-be-appointed new Council; shared and collective responsibility to make decisions and continuation of maintaining statutory duties.
  - c. The threat of data theft and cyber security at the GOsC and its position in the risk register.
13. It was noted in connection to cyber security, that the move to the cloud environment means significantly increased security compared to anything GOsC could have done in-house as a small organisation.
14. At the conclusion of this item, the Head of Regulation left the meeting.

**Noted:** the Committee noted the revised risk register.

#### **Item 4: Internal audit update 2015-16**

15. The Head of Registration and Resources introduced the report which set out the scope and methodology for two pieces of planned audit activity being, Return to Practice process audit and Performance against customer service standards.
16. Members commented that it was unclear if the audits were focused on risk management or the performance of the organisation. The Chief Executive commented that critical processes had been identified, rather than risks areas, over the three year plan. Before the current three year plan, there had been a view that audit activity should only be financially focused and the plan ensured internal audit activity encompassed non-financial activities across the full range of GOsC business.
17. He suggested that the internal audit activity for 2015-16 should continue as planned but that if members wanted to suggest possible areas for internal audit in the future internal audit plan, this could be discussed under Item 6.
18. Members felt core internal audit work should take place in the first year of the internal audit plan and were comfortable with the duality of the processes and the controls.

19. It was noted that as part of the Return to Practice audit, there should be consideration of equality and diversity issues, especially if those returning may be doing so through reasons related to ill-health or maternity leave.

**Noted:** the Committee noted the internal audit update.

#### **Item 5: Draft Corporate Strategy 2016-19**

20. The Chief Executive introduced the report which outlined the draft Corporate Strategy for 2016-19.
21. Members were asked to consider the report and any comments provided would be taken into account before the final Corporate Strategy goes to Council in February 2016.
22. Members liked the precision of the new Corporate Strategy, noting it targeted key areas and wanted to demonstrate change in the profession.
23. Members asked if staff were clear on the focus of GOsC and the Corporate Strategy. The Chief Executive commented that he believes staff have a good idea of what GOsC does and the stance taken. He did note that due to higher staff turnover in the last year, the way GOsC will use the Corporate Strategy internally will be important moving forward.
24. The Chief Executive advised the Corporate Strategy will be forwarded to key stakeholders for comment, noting GOsC has not done this previously.

**Noted:** the Committee noted the draft corporate strategy plan.

#### **Item 6: Internal audit plan 2015-16**

25. The Head of Registration and Resources introduced the report which asked the Committee to consider its approach to internal audit activity across the next three years.
26. He added that the internal audit approach was keen to include the full breadth of the organisation but must be mindful of available resources.
27. Members asked whether the changes to the PSA Performance Review might mean that GOsC needs to increase its level of scrutiny and/or assurance in areas where the PSA applied a lighter touch. The Chief Executive commented this was a good idea and noted that the Committee has never looked at the PSA Standards of Good Regulation.

28. The Chief Executive commented that GOsC has never produced an assurance map across the organisation and all its functions and this may be an interesting exercise to complete.
29. Members commented that the PSA was to receive quarterly data sets under the new performance review mechanism and wanted to know the assurance that the data sent is accurate. The Chief Executive said this was an interesting thought and internal assurance of these data sets would be a good idea.
30. Members identified two potential items for future audit, data assurance and IT security. The Executive were asked to consider incorporating these into the future audit plan.
31. Members thought the internal audit activity should cover a three year period but be reviewed annually.

#### **Item 7: Draft Budget strategy 2016-17**

32. The Head of Registration and Resources introduced the report which set out the draft budget strategy plan for 2016-17 for the Committee to note.
33. He advised that Council agreed in its November meeting to maintain the current fee level.
34. Members noted the number of new graduates joining the Register would reduce slightly in FY2017-18 and FY2018-19 and wanted to know if this may drop further. The Head of Registration and Resources did not believe there would be a continued drop in new registrants, although there would be continued monitoring of the statistics.
35. It was noted that if an unforeseen deficit were to arise, GOsC has built up a surplus over the years and has sufficient reserves and investments to help it weather adverse circumstances.

**Noted:** the Committee noted the draft budget strategy plan.

#### **Item 8: PSA Performance Review report 2014-15**

36. The Chief Executive introduced the report which outlines the findings of the Professional Standards Authority 2014-15 Performance Review.
37. Members noted how varied registration fees were between different healthcare regulators and the Chief Executive responded that there are lots of factors

involved which can include volume, complexity and regulatory stance.

38. It was noted that GOsC was the best performing regulator across three fitness to practise key performance indicators.
39. The Chief Executive advised members how GOsC classifies fitness to practise cases as 'formal' and 'informal' for their information. GOsC takes the view that a concern brought to our attention is classified as informal until there is sufficient material to proceed. No case is delayed unnecessarily and it is in the public interest to keep a case open while attempts are made to formalise it rather than to close it prematurely in order to improve KPIs.

**Noted:** the Committee noted the PSA Performance Review report.

### **Item 9: Performance measurement report**

40. The Chief Executive introduced the report which reports on performance against the GOsC's balanced scorecard in 2014-15.
41. It was noted the balanced scorecard is a useful snapshot as it allows the Executive to provide scrutiny to specific areas internally if needed.

**Noted:** the Committee noted the performance measurement report.

### **Item 10: Monitoring report**

42. The Registration and Resources Administrator introduced the report which set out notifications of fraud, critical incidents, data breaches and corporate complaints.
43. Members sought clarification about the corporate complaint. The Chief Executive advised the Committee that the complaint was about a decision made by the Investigating Committee (IC). He commented that the Committee's decision on the facts presented to it could only be appealed by a Judicial Review, but he had reviewed the documentation that had been provided to the IC and was satisfied the IC had been provided with all the documentation needed to make its decision. He added that the complainant had appealed his decision and the Chair of Council had upheld the Chief Executive's decision.
44. Members were satisfied that the monitoring report was providing them with an open and transparent view of events. It was noted members should be clear they are expressing a degree of risk acceptance with minor data breaches and whether further intervention was needed which the Chief Executive said would be taken away for reflection.

45. Members thought there should be regular staff training surrounding data protection and more investigation may be required into the root cause of data breaches. The Chief Executive took the comment and noted staff were encouraged to self-report data breaches and senior managers demonstrated by example.
46. Members strongly supported the approach of encouraging staff to be open in reporting apparent breaches. It was noted the executive may want to think about categorising data breaches differently in the future as some were more serious than others. This would make the monitoring report easier to understand.

**Noted:** the Committee noted the monitoring report.

#### **Item 11: Forward work plan**

47. The Registration and Resources Administrator introduced the forward work plan of the Committee and asked members to consider the content.
48. Members noted it would be good to see a draft set of accounts in FRS102 format in the March meeting. The Head of Registration and Resources advised he was planning to incorporate the draft accounts under financial audit preparation.
49. Members agreed that a separate discussion around cyber security should take place at a later date.

**Noted:** the Committee considered the forward work plan.

#### **Item 14: Any other Business**

50. None.

#### **Item 15: Date of next meeting**

51. The date of the next meeting will be Thursday 17 March 2016 at 10.30 a.m.