Audit Committee

Minutes of the 27th meeting of the Audit Committee (AC) held on
Wednesday 26 November 2014

Unconfirmed

Chair: Jane Hern

Present: Mark Eames
                    Brian McKenna
                    Chris Shapcott

In Attendance: Ben Chambers, Registration Assistant
                    David Gomez, Head of Regulation (Items 5 and 9)
                    Matthew Redford, Head of Registration and Resources
                    Marcia Scott, Council and Executive Support Officer
                    Tim Walker, Chief Executive and Registrar

Item 1: Welcome and apologies

1.   The chair welcomed all participants to the meeting. A special welcome was
      extended to Council Member Brian McKenna attending his first meeting as a
      member of the Audit Committee.

2.   There were no apologies.

Item 2: Minutes of the previous meeting and matters arising

3.   The minutes for the meeting of 1 July 2014, were agreed as a correct record
      subject to the following amendments being made:

      Page 3, paragraph 9ai – amend to read: <u>The</u> GOsC <u>building</u> sits on land which is
      likely to have a value in excess of that recorded in the accounts.

Matters arising

4.   Paragraph 5, Scrutiny and Governance of Major Contracts: the Chief Executive
      informed members that a paper setting out the GOsC's Procurement Policy had
      been presented to Council at its meeting of 6 November, and the policy had been
      approved. In discussion Council suggested that the Audit Committee should also

review the frequency with which the contracts for various services were put out for tender.

5. Paragraph 15d, Council Members Training Day: it was confirmed that a training day for Council Members had been scheduled to take place on Tuesday 9 December 2014 and this would include looking at Council's capacity to scrutinise the Executive.

Item 3: Business Continuity Planning

6. The Head of Registration and Resources introduced the item which reviewed business continuity planning taking into account changes to the IT infrastructure and the impact on working practices within the organisation. The Committee was asked for its feedback, to highlight any gaps it might see in the plan, and whether the plan gave the right level of assurance especially in relation to IT.

7. In discussion the following points were made and responded to:

    a. Members agreed that the plan was the correct approach and there were only matters of finer detail that required review.

    b. Members asked for clarification about which of the GOsC services would be a priority in the event of an emergency and what back-ups were available for paper and digital records. It was added that the ability to communicate between staff and teams should also be a priority. The Chief Executive suggested that the Register would be the main priority for the GOsC and linking to that the ability to deal with interim orders and patient safety issues and, therefore, the ability to also conduct fitness to practice hearings.

    c. The Head of Registration and Resources added that the time of year was also a factor for consideration. For example, if there were to be an emergency or if incident took place at the height of the renewal of registration period that work would need to take higher priority than if an incident were to happen during a quieter registration period. He agreed that the Executive would consider whether there should be more detail about the impact on the organisation during peak periods of the year.

    d. The Chief Executive agreed that digital back up was an issue which required some thought as not all documentation was scanned. There was a need to consider how to recreate items that could be lost. Members agreed that some assurance was required in relation to the ability to back up the database and ensure access to records and this should be added to any plan.

e. The Chief Executive informed members that there was plan to roll out an emergency communication protocol to all staff to ensure there it is understanding about the actions that should be taken in the event of an emergency. The Head of Registration and Resources confirmed that SMT colleagues had established that contact with all staff could be made in the event of an emergency.

f. Members asked if there was value in conducting a simulation. The Chief Executive responded that there had been a number of recent events which showed that the current emergency planning worked and that some functions could be up and running again very quickly.

g. Concern was expressed in the event that staff could not access the GOsC systems to work remotely. The Chief Executive gave assurances that the systems were in place to allow access from any given point.

Item 4: Risk Register

8. The Chief Executive introduced the item which presented the Committee with a revised version of the Risk Register for consideration. He advised members that if there was legislative reform there would be an impact but at present this was not a certainty.

9. He added that at the recent meeting of Council it was suggested that the Audit Committee's advice be sought on the inclusion of a column setting out risk impact.

10. In discussion the following points were raised and responded to:

a. The Risk Register had moved on significantly with its content aligned to the Business Plan and would be refreshed at the next Business Plan cycle with the columns being adjusted accordingly.

b. It was agreed some amendments to the language would be helpful in bringing more clarity to the Risk Register, particularly to describe the possible effect on the organisation of the risks itemised.

c. There was some concern about assurance mechanisms and the understanding of the risks and responsibilities. The Chief Executive agreed and informed members that there would be some discussion at the Council training day. Members agreed that it was the duty of Council to oversee the operation of the Register and for Committees to ensure that relevant areas of responsibility are included on their agendas.

d.   Members asked the Executive if it was felt that anything was missing from the Register. The Chief Executive responded that pressures of workload and turnover of staff were of particular concern but it was not clear that these were issues to include on the Register. Members noted controls were in place.

e.   The Head of Registration and Resources reported on a conversation he had held with the GOsC auditors, Grant Thornton LLP, who suggested the Audit Committee might get additional value in exploring issues of risk with other members of the SMT and not just the Chief Executive and Registrar and Head of Registration and Resources who were always present at the Committee.

f.   It was also suggested that informal presentations by members of SMT to the Audit Committee might be considered. It was agreed that the ideas should be discussed with the Chair of Council to ensure there was no crossover with Council's responsibilities and that the Audit Committee was acting within its Terms of Reference.

Item 5: Internal Audit Progress Report

11.   The Head of Registration and Resources introduced the item which reported on the progress of continuing internal audit activity and reminded members of future activity.

12.   The Head of Regulation explained the audit activity around fitness to practise. He informed members that he had assured Council that the audit had been robust and the result was that a number of areas were identified which could be improved.

13.   Members asked whether there was any written criteria for peer reviewers and also if there were any minimum requirements for reviewers. It was confirmed that at present there was no set criteria but those conducting the reviews were very experienced. The Head of Regulation agreed that he would review the process and would consider drawing-up a person specification for future reference. The Chief Executive added that the GOsC is using a new approach not being used by others. It was a practice which was still developing and would be useful to feed back to the fitness to practice forum.

14.   Members asked how and why specific areas for audit were selected. It was explained that reviews covered two main areas, quality assurance and evidence, with expert reviewers from the GOC and the GPhC looking at two key areas – customer service and a lawyer's review of evidence.

15. Members asked if a list of audit outcomes was logged. The Chief Executive explained that the internal audits have identified issues which were not critical and have been addressed. There had been no request for these specific issues to be brought to the Audit Committee to date and members were advised this could done in the future. It was agreed the approaches taken so far were acceptable. The Head of Registration and Resources added that a paper had been presented to the Committee at a previous meeting indicating which internal audits were included as part of the ongoing three-year business plan. This had been agreed by the Committee.

16. It was confirmed that in due course the Committee would be provided with a review of the previous internal audits and outcomes along with the proposals for the next three-years.

17. Members queried the proposed audit on the International Routes to Regulation, and how current supporting documentation of applicants to the Register was quality assured. It was confirmed that document checks are robust and conducted as part of a three-stage process including independent assessors and a moderation process.

18. It was confirmed that the GOsC liaises with six other countries in the EU that have recognised statutory regulation.

19. It was confirmed the Risk Register did cover the areas proposed in the internal audit listed under 1.2 'Confidence in the Register'.

Item 6: Budget Plan and Business Plan Strategy – FY2015-16

20. The Head of Registration and Resources introduced the item which reported on the annual budget strategy presented to Council at their meeting 6 November 2014, which set out the financial envelope for the financial year ahead. In particular he highlighted that the registrant fee level would remain the same and the increase in costs of fitness to practice and the importance of ensuring resourcing costs are met.

21. In discussion the following points were made and responded to:

    a. Members noted that fitness to practise costs were unpredictable. The Chief Executive informed members that reserves were solid and areas had been identified where drawdown would be made for one-off items of expenditure. It was confirmed that the reserves policy was last reviewed in summer 2013.

b. Members asked whether too much was being held in the reserves. The Head of Registration and Resources explained that the level of the reserves was necessary to meet any unforeseen expenditure items.

c. Members were advised that there had been no further actions on the proposals relating to Osteopathy House and it would take some time to see the proposals through. Issues relating to ownership of the building and the legal aspects of the proposals were still being explored. One of the questions being posed was as the building was paid for by the fees of registrants what would happen to the asset if the organisation no longer existed in its current form.

Item 7: Performance Measurement 2013-14

22. The Chief Executive introduced the item which presented the measurement of performance based on the approach agreed by Council in October 2012.

23. In discussion the following points were made and responded to:

a. Members found the information on performance measurement very informative and being presented with the information as a whole very helpful. Members asked if there was any mechanism for an end of year review. The Chief Executive responded that there had been discussions with SMT and it was agreed that more could be done in presenting data.

b. Members asked if the 'Effectiveness of Regulation' research outcomes gave any insights on performance measurement. The Chief Executive responded that a presentation had been given to Council on the research but the work had not yet been concluded but it was intended to use it to inform the GOsC Strategic Plan for 2015-18.

c. The Chief Executive advised the performance measurement exercise had been a very useful and the right approach for the current cycle but would not follow the same route if it were to be done again. He suggested that the Audit Committee should look at the next iteration in conjunction with the development of the next Strategic Plan.

d. Members suggested that the development of the profession projects should be made more explicit on the scorecard.

Item 8: Audit Committee Effectiveness

24. The Head of Registration and Resources introduced the item which explored the Audit Committee's effectiveness. Members were asked for their comments and reflections.

25. In discussion the following points were made:

    a. It was acknowledged that it would be difficult for the two newer members of the Committee to respond as they had not served sufficient time on the committee to make a valid contribution.

    b. Members identified a number of areas that might improve the effectiveness of the Committee including:

        • The Audit Committee should review the future work programme of the Committee at each meeting.
        • Ensure Audit Committee discussions are complementary to the Council business agenda.
        • Suggest more interaction with Council and clarity on areas of responsibility.
        • Verbal feedback by members of the Audit Committee to Council where required.
        • Include a section in the Committee's annual report to Council reflecting on its activities over the past year.

    c. It was proposed that in line with the new Chair and new member taking up their posts in April 2015 there should be a redrafting of the Terms of Reference to reflect changes in the role of the Audit Committee and its function.

Item 9: Professional Standards Authority (PSA) Initial Stages Audit

26. The Head of Regulation introduced the item which was the report and the GOsC's management responses to the PSA's audit of fitness to practise cases closed by the Investigating Committee (IC).

27. Members were informed that the PSA Initial Stages Audit was a valid part of the quality assurance process for the all Health Regulators. Members were informed that the quality assurance process had met the PSA requirements and it was expected that during 2015 the case review process would be honed further to improve processes. Members were advised peer review audits were conducted on a quarterly basis by internal (Professional Standards Department) and external

(the General Optical Council) reviewers. It was confirmed that the process is conducted manually.

28. The Head of Registration and Resources added that to support good working practices between the departments of the GOsC and to improve a number processes and functions a training programme for members of the Regulation Department in the use of the IRIS database system to ensure data is being used effectively.

29. In discussion the following points were made:

a. Members requested clarification the PSA's finding on the following point asking whether it was something that another committee could look at:

GOsC should consider whether its practice of giving the complainant the opportunity to make final comments 'represent best practice in terms of ensuring that the IC has the benefit of informed representations from both parties'.

b. The Head of Regulation responded that in order to achieve finality the comments of both the complainant and the registrant are taken to avoid going 'back and forth' which would delay the case. There was no fixed policy but it was proportionate.

c. Members queried the detailed comments asking if there was a need to be more even handed as there was a concern about public perceptions. It was explained that the both registrant and complainant are contacted and made aware of the decisions of hearing panels on the same day if it is possible.

d. It was suggested that the PSA Initial Stages Audit is a continual process of development; being part audit and part compliance. The Chief Executive responded that the critical point in dealing with the PSA audit was to ensure that no cases were closed inappropriately. Members were advised that the GOsC not only met the standard but achieved a high result.

e. Although reassured, members asked whether an audit at the second stage of the fitness to practise process could be considered. The Chief Executive informed members that an audit reviewing the fitness to practise process and the work of the panel had been completed by a lawyer in the past and he would circulate the subsequent report to members in due course.

Item 10: Monitoring Report

30. The Head of Registration and Resources introduced the item which sets out notifications of fraud, critical incidents, data breaches and corporate complaints.

31. In discussion the following points were made:

    a. There was some concern about the frequency of data breaches. The Chief Executive informed members that improved processes were in place and the introduction of the Information Governance Policy had helped to alleviate some of the problems of data management and increase awareness amongst staff.

    b. Members asked whether fitness to practise committee members should be given access to the GOsC private on-line library on DocMonster. The Chief Executive responded that he did not believe it appropriate to use the library for this purpose as it might not be sufficiently secure for fitness to practise use.

    c. The Head of Resources and Regulation added that where there were data breaches these were viewed as a learning opportunity to highlight areas of concern which staff should be particularly aware of.

    d. Members were advised that reports on data security were included in the Performance Review report submitted annually to the PSA.

Item 11: Any other Business

32. There was no other business.

Item 12: Date of next meeting

33. The date of the next meeting will be Tuesday 24 March 2015 at 10.30 am.