

**General Osteopathic Council  
Audit Committee**

Minutes of the 24<sup>th</sup> meeting of the Audit Committee (AC) held on  
Tuesday 12 November 2013

*Unconfirmed*

Chair: Jane Hern

Present: Mark Eames  
Kenneth McLean  
David Prince

In Attendance: Tim Walker, Chief Executive and Registrar  
Matthew Redford, Head of Registration and Resources  
Marcia Scott, Council and Executive Support Officer  
Jenny Brown, Audit Director, and Gabrielle Cust, Audit Manager, Grant Thornton LLP (Items 2-6)

Observer: Alison White, Chair of GOsC

**Item 1: Welcome and apologies**

1. The chair welcomed all participants to the meeting. A special welcome was extended to Alison White, the GOsC Chair, and to the Grant Thornton auditors, Jenny Brown and Gabrielle Cust.
2. The Chair also thanked David Prince who was attending his final Audit Committee meeting after three years of service as a member of the Committee. He has given his apologies for the March 2014 Audit Committee meeting which he is unable to attend.
3. Apologies were received from Julie Stone, Council member and Chair of the Osteopathic Practice Committee, who was unable to attend the meeting as an observer as had been planned.

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

4. The minutes of the meeting were agreed subject to the following amendments:

- a) Page 4, paragraph 18: Final sentence should read: It was agreed that the investment policy and process should be revised and discussed by Council in January 2014.
- b) Page 5 and 6, paragraph 25b and 25d – these should be switched to read:
  - b. Public website/o zone information quality.
  - d. International routes to registration process.
- c) Page 7, Agreement b: Sentence to read:  
The Chair would add a statement providing assurance on matters beyond the financial audit.
- d) Page 8, paragraph e: delete second 'be' in the final section of last sentence so it reads: ..., there would be a change in the way risk is mapped
- e) Page 9, paragraph 35: amend sentence to read: 'The Chair introduced the item and invited the Chief Executive and the Head of Finance to add any additional comments'.

5. There were no other matters arising.

### **Item 3: Appointment of the auditors and future audit approach**

- 6. The Chair welcomed the auditors, Jenny Brown and Gabrielle Cust, and congratulated them on the re-appointment of Grant Thornton LLP as external financial auditors of the GOsC following the tender interviews conducted in September. The Chair also thanked the members of the interview panel for their assistance in the selection process.
- 7. Jenny Brown, Audit Director, thanked the Chair and Committee for the re-appointment and welcomed the opportunity to continue to work the GOsC. They emphasised they would continue to preserve their independence and scrutiny of the GOsC while maintaining a good relationship with the organisation. She added that the audit team had found the GOsC approach to the interview process very useful and would consider advising other clients to invite a discussion other than a presentation.
- 8. In highlighting the future audit approach, and adopting good practice, the auditors stressed the importance of meeting with the Audit Committee without the GOsC Executive. The Chair agreed private meetings should be part of normal practice and this would happen in future. On this occasion the Audit Committee was content for Chief Executive and Head of Registration and Resources to remain for the subsequent discussion.
- 9. The auditors also advised that they would be looking further into the desegregation of duties within the GOsC and improving current systems. It was agreed that there should be a record of findings made and advice given by the auditors outwith the Audit Report.

10. In discussion the following points were made and responded to:
- a) It was agreed that the submission made by Grant Thornton was very good and highlighted the importance of quantitative and qualitative approaches. The emphasis on control points was helpful, and the Committee would like to see clear assessment of the level of residual risk within audit reports as a yardstick for considering the proposed management actions.
  - b) Due to envisaged changes in wider audit processes it was suggested there was a role for Grant Thornton in 'horizon scanning', looking for trends and developments in procedures.
  - c) The Committee suggested there should be controls in place for adverse events such as breaches in data protection, and that these events should be documented and regularly reviewed.
  - d) It was also suggested that in relation to 'horizon scanning' the organisation should be mindful of unforeseen circumstances and 'what if' scenarios not only in relation to the Law Commission review but also the implications of possible changes in the GOsC's status, the impact of the on-going development agenda and the impact on finances of a possible reduction in the number of OEIs.
  - e) In relation to concerns relating to data protection, the auditors gave assurances that Grant Thornton had their own protocols for handling data and tests to ensure security. They confirmed that the GOsC can share data with them safely. Personal data from the GOsC database would not normally be included during audits with the only exception being staff payroll. They also confirmed they would keep a log of any data which had been shared with the GOsC.
  - f) The Chief Executive confirmed that as part of the GOsC information governance framework a list showing who the GOsC's data is shared with would include the auditors as well as other external contractors, e.g. lawyers.
  - g) It was agreed that some measure of performance evaluation would be helpful and an annual review of the auditors would also be useful and good practice as a measure of performance.

**Noted: Grant Thornton would prepare an audit approach document for consideration by the Committee in 2014.**

#### **Item 4: Risk Register and risk tolerance**

11. The Chair introduced the item with a reference to the discussion on the Risk Register and risk tolerance at the meeting of Council in October. The consensus from discussion had been that although Council might generally be averse to risk, particularly in relation to the discharge of statutory responsibilities, this should not stop innovation and the GOsC moving forward as an organisation.
12. The Chief Executive presented the item which showed the updated version of the Risk Register, as well as a draft risk tolerance statement which would help improve the risk register and help to develop Council's thinking on scrutiny. The Chief Executive also sought the Committee's advice on public access to the statement.
13. In discussion the following points were raised and responded to:
  - a. Members agreed that the draft risk tolerance statement was appropriate and proportionate. Members also commented that the GOsC Risk Register was in a strong format, bearing in mind the size of the organisation, and well managed. However, the Committee welcomed the Chief Executive's plans to refresh the format employing a 'bottom-up' approach and advised that it was the correct approach to focus more on the content and less on the structure of the register.
  - b. Members discussed the Risk Register and specifically the need to distinguish between active management of risk to reduce its probability and the mitigation of high probability risk outcomes through contingency planning. Members questioned the risk score level around two elements of the Risk Register - Legal Challenge and Resources Risk to Continuity. The Chief Executive and Registrar assured the committee that given the current environment he was content the scores remained appropriate but they would, as with all aspects of the register, remain under review.
  - c. In response to questions relating to business continuity the Chief Executive confirmed that the Business Continuity Plan was up to date. The introduction of 'cloud' computing and the new telephone system meant that the current contract for the disaster recovery premises would not be renewed in 2014. Other areas relating to business continuity were being reviewed in line with the ending of the contract.
  - d. The Committee raised a concern about the perceived risk to the GOsC, if under new EU legislation individuals were admitted to the GOsC Register on a temporary and occasional basis. The Chief Executive advised he did not believe this would be a major issue as the number of registrants would be very small.

- e. The Committee was advised that the draft risk tolerance statement would be discussed at the private meeting of Council however they would be keen for the Risk Register to be published. The importance of the Audit Committee maintaining oversight of the register was reiterated.
- f. The Chief Executive summarised that GOsC was not a high risk entity although gaps do exist in effectiveness of its scrutiny. He reiterated that any further thoughts or comments on the statement from members would be welcomed.

### **Item 5: IT and Information Security audit update**

- 14. The Chief Executive introduced the item which provided an update on the assurance work undertaken in relation to the cloud computing project and wider information security activities. The Committee was advised that although the audit was not as far along as planned there had been very useful discussions with the Head of Regulation and a framework had been developed. It was planned for the policy and framework to be completed over the coming months for external review. Following this the framework and policies would then be presented at the next meeting of the Audit Committee.
- 15. The Chair advised that she would be happy to act as an external reviewer when the documents were ready and this was noted by the Chief Executive.
- 16. In discussion the following points were made and responded to:
  - a. The Chief Executive advised Members he believed that the security issues around IT and cloud systems were robust. It was confirmed that the provider would have to give reasonable notice of any changes against the checklist and he did not see any issues arising.
  - b. The GOsC Chair added that overall, and with reference to the Information Commissioner's Office checklist, issues relating to cloud computing, are on the whole, resolved and data is now more secure than before. She noted that GOsC's relatively smooth transition to the cloud system was testimony to the work completed to date.
  - c. The Chief Executive reassured the Committee that the establishment of the cloud system had been positive and had introduced a much faster system with more capacity and increased security. Members were advised that the cloud provider had its own disaster recovery plan but, due to the robustness of its systems, was very unlikely to be implemented.

- d. The Committee was impressed by the work completed in relation to the ICO checklist. The auditors confirmed that they would be willing to get their IT specialist to review the checklist if required.
- e. The Committee was assured that increased security measures meant that staff who accessed the GOsC IT systems when working off-site were required to go through a number of security protocols and that access to any systems containing 'sensitive' and personal data was limited. Rules on the use of IT and related security issues are contained in the GOsC Staff Handbook (February 2013) – Section 4: Security, which all staff are aware of.

**Noted: the updated was noted**

### **Item 6: GOsC Performance measurement 2012-13**

- 17. The Chief Executive introduced the performance measurement report based on the approach agreed by Council at the October 2012 meeting. He drew the Committee's attention to the areas identified for improvement which include:
  - a. Fitness to practise case lengths
  - b. Website and zone
  - c. Council effectiveness
  - d. Leavers' survey
  - e. CPD auditing
  - f. Consultations
  - g. Staff survey.
- 18. In discussion the following points were made and responded to:
  - a. The Committee thought that the performance measurements were good for a relatively new regulator and recognised the work completed to date. It was agreed the model was a firm base to build on and further develop.
  - b. The Committee suggested that there needed to be more work on people related reporting areas and also thought that there were some gaps in qualitative data. The Chief Executive thanked members for their comments which he agreed were helpful.

**Noted: the GOsC Performance measurement report 2012-13 was noted.**

### **Item 7: GOsC Monitoring Report**

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

20. In discussion the following points were made and responded to:
- a. Bulk emails: The Committee raised concerns over the use of bulk emails. The Chief Executive responded that the problem lay in individuals creating their own email groups but this had now been addressed by creating central e-address lists.
  - b. Website re-platforming project: The Committee asked what the envisaged completion date was for the website re-platforming exercise. The Head of Registration and Resources advised that the project was running to plan and expected to be completed on schedule during early 2014.
  - c. Gift and Hospitality Register: It was agreed that the Gift and Hospitality register would be presented to the Chair of the Committee for her to review .

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

### **Item 8: Budget strategy**

21. The Head of Registration and Resources introduced the item which had been presented to and considered by Council at the meeting in October. It was confirmed that the registrant fee consultation was currently taking place. The Audit Committee was asked to note the budget strategy for FY2014-15.
22. In discussion the following points were made:
- a) The Head of Registration and Resources confirmed that there had been responses to the consultation and along with a number of comments from respondents, including some who opposed the reduction.
  - b) The Committee asked whether different approaches had been considered for implementing changes in the fees structure. The Head of Registration and Resources responded although there had been some consideration in the past there had been no recent discussions.
  - c) The Committee asked whether the headline reduction in fees would impact on future sustainability of the GOsC. The Chief Executive reminded the Committee that the Government had requested cost reductions to be made, which the GOsC had done, but also that growth of the Register was continuing. The Chief Executive also reminded the Committee that the exercise in cost reductions was not yet over and that reserves remained healthy.

- d) The Chief Executive advised the Committee that within the Rules it is much easier to change the level of the fees than change the structure and wording of the fees rules, but that more substantive changes to the structure and process for approving changes, might follow implementation of the Law Commission's proposals for new legislation.

**Noted: the Budget strategy was noted**

**Item 9: Professional Standards Authority (PSA) Performance Review 2013**

23. The Chief Executive introduced the report and findings of the PSA's 2013 Performance Review, which summarised the best practice identified in the report and how the GOsC might approach any new issues identified.
24. In discussion the following points were made:
  - a. The Chair commended the Executive and staff for achieving such a positive report and was especially pleased that learning from the other health regulators had been taken into account.

**Noted: The PSA Performance Review Report 2013 was noted.**

**Item 10: Any other business**

25. A concern was raised about NHS GPs selling patient records to private companies without written consent and the impact the practice could have on the GOsC if not kept in check. It was noted that GOsC would need to keep abreast of the matter and any potential fitness to practise issues that might develop.
26. The Chief Executive advised he was aware of the situation and that the Department of Health had initiated a PSA commission requesting health regulators provide information on data sharing. The Chief Executive added that it would be important that the project involved the Information Commissioner's Office to ensure the issue was fully considered.

**Item 11: Date of next meeting**

27. The date of the next meeting will be Thursday 27 March 2014 at 11.00 a.m.