



## **Audit Committee**

Minutes of the 33<sup>rd</sup> meeting of the Audit Committee held on  
Thursday 24 November 2016

*Unconfirmed*

Chair: Chris Shapcott

Present: Martin Owen  
Denis Shaugnessy

In Attendance: Ben Chambers, Registration and Resources Officer  
Sheleen McCormack, Head of Regulation (Items 3 and 4)  
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. Apologies were received from Jorge Esteves. The Committee thanked Jorge for his work on the Committee. It was noted that the Chief Executive will discuss the committee vacancy with the Chair of Council in advance of the March 2017 meeting.

### **Item 2: Minutes of the meeting of 30 June 2016 and matters arising**

3. The minutes for the meeting of 30 June 2016 were agreed as a correct record.

### **Matters arising**

4. The Chair noted that Council thanked Audit Committee for its work during the year at its June 2016 meeting.

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

5. The Chief Executive introduced the updated Risk Register.
6. The following areas were highlighted as part of the discussion:

- a. The risks relating to fitness to practise and advertising have been downgraded from red to amber.
- b. It was mentioned that the current key risks document was reviewed by Council at its last meeting.
- c. A new red risk has been identified in relation to governance which was the possible imposition of significant new requirements arising from the Welsh Language Scheme. Members asked when the Welsh Language Commissioner might impose these changes, the Chief Executive advised an exact date was a moveable target but no direct impact was anticipated in the next twelve months.
- d. Members discussed the new CPD scheme and how this would progress within the risk register. The Chief Executive commented that this would feature more as the CPD scheme developed. He added there was a discussion with Council about improving the risk analysis of the project and he was going to speak with the Head of Professional Standards about possibly reassessing the risk log for the project and also implementation risk. He added that this would be brought to Audit Committee once developed further.
- e. Members commented on the IT aspects of the new CPD scheme, the Chief Executive advised an IT resource has been set up to support the scheme in the form of a new micro-site to support early adopters with relevant materials. He added a new e-portfolio system was being piloted and at this stage it was uncertain whether the GOsC would run this system or if we partnered with the Institute of Osteopathy (the osteopathic professional association) who would provide access. It was also noted that the three year CPD scheme would involve registrants not being required to submit a detailed CPD annual summary form at the point of renewal.

#### **Item 4: Professional Conduct Committee audit**

7. The Head of Registration and Resources and Head of Regulation introduced the report which set out external audit work undertaken on the decisions of the Professional Conduct Committee (PCC).
8. The Head of Regulation added that this work was commissioned by the Executive to support its work in the fitness to practise area and was an example of the quality assurance framework that is in place. She added that recommendations made as part of the audit findings have been incorporated. Members asked whether a note on the actions taken to address the findings of the review would be provided, the Head of Regulation advised that this would be available at the next meeting.

9. The Head of Regulation noted that this report had been shared with the Chair of the PCC but not with members of the PCC. She added that the Health Committee and Investigating Committee had previously had external audits undertaken several years ago and thought another audit would be useful in the future.
10. Members agreed this was an important and useful piece of independent audit work.

**Noted:** the Committee noted the Professional Conduct Committee audit.

#### **Item 5: External financial audit: Audit tender process**

11. The Head of Registration and Resources introduced the report which outlined the audit tender process, commenting this approach was decided following contact from the current auditors, Grant Thornton, who wished to raise the external audit fee by a significant level. He added that a review of the costs of similar organisations for external financial audit services showed that the GOsC is paying towards the upper end of the market for audit services. He added that members were being asked to agree the content of the audit tender document before it was published.
12. It was noted that Council had seen the external audit timetable at its meeting on 2 November 2016.
13. The following areas were highlighted as part of the discussion:
  - a. Members asked if some potential audit firms have been informed or pre-warned. The Head of Registration and Resources advised a number of firms have been informed about the impending invitation to tender.
  - b. Members asked whether, if the GOsC was not able to appoint new auditors, this would mean there were no auditors in place for the 2016-17 financial audit. The Chief Executive responded, advising that Grant Thornton are still the auditors of the GOsC and if another firm was unable to be appointed, the GOsC would still have Grant Thornton as external financial auditors for the financial year 2016-17.
  - c. Members asked if we fall under the Public Procurement Regulations. The Chief Executive responded that we do but this tender would not meet the threshold for a full OJEU tender.
  - d. Members wanted to ensure the Executive had awarding criteria. The Head of Registration and Resources advised that when GOsC went through the tender

process in 2013, we did have criteria in place at the interview stage which can be updated for the current process.

- e. Members suggested that the audit fee for the first two years should be a capped fee and this should be inserted into the tender document.
- f. Members suggested amendments to the tender document, which included but are not limited to, more clarity on what GOsC is expecting from new auditors (scope and depth of audit), adding an audit timetable with deadlines, the financial year the appointed firm would start auditing, provision of a fixed all-inclusive price for the completion of the audit, breakdown of costs, on-site days needed for the audit and some changes to wording.
- g. Members asked to see a revised version of the tender document once the changes had been incorporated.

**Recommended:** the Committee approved the timetable for the external audit appointment and the tender document subject to the changes proposed during discussion.

#### **Item 6: Transition to charity accounting**

- 14. The Head of Registration and Resources introduced the report which outlined changes necessary to a transition into charity accounting.
- 15. He commented that the outlined changes to the transition to charity accounting would be required if the GOsC application to become a registered charity was acceptable. The Chief Executive added that a response was due shortly concerning the charity application.

**Noted:** the Committee noted the transition to charity accounting.

#### **Item 7: Internal audit update 2016-17 – Scope of future audits**

- 16. The Head of Registration and Resources outlined the paper which introduced the scope of future audit work.
- 17. He noted that external expertise was needed for the next phase of planned audit work, namely IT security, which was being organised by Crowe Clark Whitehill.
- 18. Members asked if this would exclude Crowe Clark Whitehill from submitting an application as part of the tender for new external auditors. The Head of Registration and Resources responded, advising this would be highly unlikely and that it would have been highlighted as part of this discussion with Crowe Clark

Whitehill. The Committee asked that the Head of Registration and Resources contact Crowe Clark Whitehill and get this confirmation in writing.

19. Members asked whether penetration testing of the IT systems would take place. The Head of Registration and Resources advised that this was something the cloud provider, which hosts the cloud environment, undertakes.
20. A discussion took place around how other healthcare regulators test IT security. The Chief Executive commented that it was difficult to compare against other regulators due to the difference in size and resources available.
21. It was added that the audit of business continuity would be to arrange a mock incident to test the system but the Chief Executive advised this needed to be planned and arranged.

**Agreed:** the Committee agreed the scope of future audits.

### **Item 8: *Striking the Balance* – report from the Committee on Standards in Public Life**

22. The Chief Executive introduced the paper, outlining a proposed approach to consider the recommendations of the report from the Committee on Standards in Public Life. He thought it might be useful to test where the GOsC thought it was with best practice and recommendations outlined in *Striking the Balance*.
23. Members thought this was a good idea and supported the proposed work.

**Agreed:** the Committee would consider a further report on *Striking the Balance* at its next meeting.

### **Item 9: Register of Policies and Publication Scheme**

24. The Head of Registration and Resources introduced the report which outlined the Register of Policies, a governance document recording all key policies of the GOsC and the Publication Scheme, a scheme maintained so that information is routinely made available to the public.
25. It was added that the Register of Policies is reviewed annually by the Senior Management Team (SMT) and the Publication Scheme is reviewed on a six monthly basis by the Web Manager. The Chief Executive commented that the PSA have been shown the Register of Policies in the past.
26. Members queried how the SMT knew if the Register of Policies contained all of the information it needed. The Chief Executive responded, advising that many of the

policies listed are derived from the Osteopaths Act and the rules sitting beneath it and the other listed policies reflect best practice such as guidance notes, practice notes for fitness to practise, departmental manuals etc.

27. Members asked if any complaints have been received in the past about withholding any information under freedom of information in the Publication Scheme. The Head of Registration responded to advise that any complaints would be included in the monitoring report which members receive at each meeting.
28. Members asked if the new invitation for external auditor tender complied with the tender audit procedure and procurement document, which the Chief Executive advised it did.
29. Members provided suggestions on the presentation of the Publication Scheme.

**Noted:** the Committee noted the Register of Policies and the Publication Scheme.

#### **Item 10: Budget Strategy 2017-18**

30. The Head of Registration and Resources introduced the report which outlines the budget strategy for 2017-18 and added that Council reviewed the report earlier in the year.

**Noted:** the Committee noted the budget strategy 2017-18, adding they were happy to see it.

#### **Item 11: PSA Performance Review report 2015-16**

31. The Chief Executive introduced the report which notes the PSA Performance Review report 2015-16. He noted this was the first of the PSA's new-style Performance Reviews to be published.
32. He commented that he was very pleased with the outcome of the report, the PSA having advised that the GOsC continued to meet all of the PSA Standards of Good regulation and that the GOsC was the first organisation to be reported on. He added the report has been seen by Council earlier in the year.

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

#### **Item 12: Performance measurement report 2015-16**

33. The Chief Executive introduced the report which set out the performance measurement report for 2015-16, adding this was a reflection on how we think we have performed.

34. In response to a question, he added that staff surveys were not undertaken every year.

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

### **Item 13: Monitoring report**

35. The Registration and Resources Officer introduced the report which set out notifications of fraud, critical incidents, data breaches and corporate complaints.
36. Members commented on the data breaches and asked whether some work could be conducted with less email use. The Chief Executive responded, advising that the use of email enabled a small organisation such as the GOsC to deal with a high volume of work. He added that openness was encouraged when reporting data breaches and that the number of data breaches was reasonably low with none being of a serious nature.
37. Members asked for an update on the sending of confidential fitness to practice documents via a secure download system instead of via email. The Chief Executive advised the secure download system was now in place and being used by the Investigating Committee (IC) and the Professional Conduct Committee (PCC). He added members of the IC and PCC are asked not to download/save or print these documents.

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

### **Item 14: Forward work plan**

38. The Registration and Resources Officer introduced the forward work plan of the Committee and asked members to consider the content.
39. Members noted that in the June 2017 meeting, they would be looking at the business continuity plan which included any revisions arising from the audit that will be conducted in early 2017.

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

### **Item 15: Any other Business**

40. None.

### **Item 16: Date of next meeting**

41. The date of the next meeting will be Thursday 16 March 2017 at 10.00 am.