



Council
23 July 2014
Annual Report and Accounts 2013-14

Classification	Public
Purpose	For decision
Issue	Approval and publication of the GOSc's Annual Report and Accounts for the financial year 2013-14.
Recommendations	<ol style="list-style-type: none">1. To note the Audit Findings Report and the Letter of Representation to be signed by the Chair of Council.2. To approve the Annual Report and Accounts for signing by the Chair of Council
Financial and resourcing implications	The Annual Report and Accounts will be typeset for publication on the website but not produced as a printed document.
Equality and diversity implications	None
Communications implications	The Annual Report and Accounts are a public document and will be published on the GOSc website.
Annexes	<ol style="list-style-type: none">A. Audit Findings ReportB. Annual Report and Accounts 2013-14
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Background

1. The GOsC is required by the Osteopaths Act 1993 to publish its accounts as soon as reasonably practicable after they have been audited and to provide a copy to the Privy Council to be laid before Parliament.
2. The financial audit was conducted by Grant Thornton in May 2014. Following the conclusion of the audit, Grant Thornton produced an Audit Findings Report (AFR) which highlighted the key issues affecting the results of the GOsC and the preparation of the financial statements. The Executive has had the opportunity to comment and this is reflected in the AFR attached at Annex A.
3. The AFR was presented to the Audit Committee by Jenny Brown, Audit Director and Vivien Ma, Audit Manager on 1 July 2014. The AFR also contains the letter of representation which needs to be sent from the Council to the auditors.
4. The accounts are accompanied by an Annual Report setting out the activities of the GOsC over the previous twelve months. The Annual Report and Accounts has been modified this year in order to take account of a charity governance review document (<http://www.grant-thornton.co.uk/en/Publications/2014/Charity-Governance-Review-2014/>) published by Grant Thornton in February 2014.
5. Before the Annual Report and Accounts were presented to the Audit Committee the document was reviewed by three members of Council (Alison White, Jenny White and Kenneth McLean) and their comments have been incorporated in the final document.

Discussion at the Audit Committee

6. A summary of the issues considered by the Audit Committee in relation to the AFR are set out below:
 - a. The AFR provides assurance that the internal financial controls and operational processes are robust and there is clear segregation of duties within a small department.
 - b. It was noted that a minor improvement could be made in relation to how advertising income was reconciled.
 - c. The Audit Committee requested that a liability for a late invoice, which was initially shown as an unadjusted misstatement, be included within the accounts. The accounts at Annex B reflect this adjustment.
 - d. The treatment of NCOR as a 'Joint Arrangement which is Not an Entity (JANE)' is likely to cease in 2014-15 now that NCOR has achieved charitable status.

- e. It was noted that, while not inaccurate in terms of accounting treatment, land and buildings had never been shown as separate cost items on the Balance Sheet. FRS102 would allow for this to be done retrospectively if the GOsC wished. The Executive will keep this under review.

Financial position summary

7. At the end of financial year 2013-14 the GOsC had a surplus before taxation and designated spending of £7,994. This is a demonstration of another strong financial performance as expenditure for website development, previously designated to come from reserves, has been contained within current income.
8. The Balance Sheet remains in a healthy position with Total Reserves standing at £2.576m. Cash in hand totals £860k and does not include the £500k bond held with Secure Trust Bank or the £500k investment in the medium risk portfolio through Standard Life Wealth (formerly Newton Investment Management).
9. The value of the £500k stock market investment was discussed at the Audit Committee. Members explored whether it would be more beneficial for the current value of the portfolio to be reflected in the accounts. While no change has been made to the accounts, attached at Annex B, this issue will be reconsidered by the Executive in financial year 2014-15.
10. At the year-end Council has designated £169,872 from reserves to be spent on two areas: governance arrangements/Law Commission (£100k) and the effectiveness of regulation research (£69k). Members will be aware that further designations for development projects will be created in financial year 2014-15.

Auditor evaluation

11. The Executive implemented an auditor evaluation framework which was completed at the end of the financial audit. This is the first formal framework used by the Audit Committee to evaluate the performance of the auditors.
12. The framework was completed post-audit by Grant Thornton who submitted their findings to the Executive. The Executive added its comments to the evaluation framework and it formed the basis for a useful discussion between Grant Thornton and management at the audit close out meeting.
13. The Audit Committee considered the evaluation at its meeting on 1 July with the specific task of rating each element of the framework. Following discussion the Audit Committee was prepared to rate each element of the framework as 'satisfied' and agreed that this should be reported to Council.

Recommendation:

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