



**Council**  
**17 July 2018**  
**Annual Report and Accounts**

<b>Classification</b>	Public
<b>Purpose</b>	For decision
<b>Issue</b>	Approval the publication of the Annual Report and Accounts for the financial year 2017-18.
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. To note the Audit Findings Report and the Letter of Representation to be signed by the Chair of Council.</li><li>2. To approve the Annual Report and Accounts for signing by the Chair of Council.</li><li>3. To note the annual reporting requirements associated with the Charity Commission.</li></ol>
<b>Financial and resourcing implications</b>	The Annual Report and Accounts will be typeset for publication on the website, but not produced as a printed document.
<b>Equality and diversity implications</b>	None arising
<b>Communications implications</b>	The Annual Report and Accounts are a public document and will be published on the GOsC website.
<b>Annexes</b>	<ol style="list-style-type: none"><li>A. Audit Findings Report</li><li>B. Annual Report and Accounts 2017-18</li><li>C. Letter of representation</li></ol>
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## Background

1. The General Osteopathic Council (GOsC) publishes its accounts as soon as reasonably practicable after they have been audited and provides copies to the Privy Council to be laid before Parliament.
2. The 2017-18 accounts are the first set of accounts produced since the GOsC became a registered charity. The accounts will also be submitted to the Charity Commission alongside a charity Annual Return.
3. The financial audit was conducted for the second time by Crowe in May 2018 (Crowe is the new brand name for Crowe Clark Whitehill). Following the conclusion of the audit, Crowe produced an Audit Findings Report (AFR) which highlighted the key issues affecting the results of the GOsC and the preparation of the financial statements.
4. The AFR was presented to the Audit Committee by Tim Redwood, Partner, on 28 June 2018 and is attached at Annex A.
5. The audited accounts are accompanied by an Annual Report setting out the activities of the GOsC over the previous twelve months. The Annual Report and Accounts are set out at Annex B and the letter of representation at Annex C.

## Discussion

6. A summary of the issues outlined in the ARF, and considered by the Audit Committee, are set out below:

<b>Potential for significant risk finding</b>	<b>Conclusion</b>
Recognition of registration fees	No significant issues were identified.
Completeness of liabilities in respect of Professional Conduct Committee cases	No significant issues were identified.
Management override of controls	No significant issues were identified.
Payroll	No significant issues were identified.
Board and Committee allowances and expenses	No significant issues were identified.
Investments	No significant issues were identified although a minor adjustment of £10k was corrected in the accounts.
Other balance sheet items	No significant issues were identified although a minor adjustment of £10k was corrected in the accounts.

7. The attention of the Audit Committee was drawn to some changes which had been made to the Annual Report and Accounts following the GOsC becoming a charity.
  - a. Principal risks and mitigating actions added into the Annual Report, page 18 refers.
  - b. Reserves policy reformatted to increase transparency, pages 22 and 23 refer.
  - c. Statement of Council's responsibilities now includes confirmation that the trustees have regard for Charity Commission's guidance on public benefit, page 24 refers.
  - d. Independent Auditor's Report now states the audit opinion at the beginning of the report. Overall report contains more information and is longer than previous years, pages 25-27 refer.
  - e. Notes to the financial statements reference the Charities SORP (FRS 102), pages 31-33 refer.
  - f. Expenditure arising from charitable activities and reclassified support costs presented in a different format to previous financial years, page 34 refers.
  - g. Payments to non-executive members (Council) now included in the notes to the accounts, pages 35-36 refer.
  - h. Investment note in the accounts reformatted to new style, page 38 refers. NB: 120-day bond does not need to be disclosed in this note.
  - i. Prior year reserves comparator provided in notes to the accounts, page 39 refers.
8. It was reported by the Audit Partner that the second year audit had gone very smoothly. No control points were identified by the audit team.
9. Audit Committee were content to recommend to Council that the Annual Report and Accounts be signed by the Chair of Council at the 17 July meeting.

### **Financial position summary**

10. At the end of the financial year 2017-2018, the GOsC had a deficit after designated spending of £14k.
11. Council will recall in May 2018 that the oral financial report spoke of a small surplus before designated spending. The table below demonstrates to Council that this was delivered as reported.

<b>Description</b>	<b>£</b>
Income	2,873,091
Expenditure	(2,833,251)
<b>Surplus before designated spending</b>	<b>39,840</b>
Designated spending	
- Development projects	(24,665)
- CPD implementation	(29,158)
<b>Deficit after designated spending</b>	<b>(13,983)</b>

12. As at 31 March 2018, the Balance Sheet, now known as the Statement of Financial Position, remains healthy with Total Reserves equal to £2.514m.
13. At the year-end the Council is holding reserves equal to £646k which is within the target range agreed by Council of £350k-£700k. Therefore no remedial action is required in the forthcoming financial year(s). The table below shows how this has been calculated.

<b>Description</b>	<b>£</b>
Funds held	2,514,188
Restricted funds	-
Designated funds	(70,842)
Operational fixed assets	(1,796,779)
<b>Funds remaining</b>	<b>646,567</b>

### **Annual Reporting requirements**

14. Once the Chair of Council has signed the Annual Report and Accounts, the following steps will be followed:
- a. Annual Report and Accounts couriered to Crowe for signing by the Audit Partner on the afternoon of 17 July.
  - b. Signed Annual Report and Accounts to be designed and typeset for publication.
  - c. Designed Annual Report and Accounts presented to Privy Council for pre-laying approval.
  - d. Privy Council sign-off Annual Report and Accounts and confirm number of copies required for laying in front of both Houses of Parliament; the number of copies required for the Welsh Assembly and the number of copies required for the Votes Office of the House of Lords.

- e. Annual Report and Accounts laid before both Houses of Parliament by 30 September 2018.
- f. Annual Report and Accounts published on GOsC website after document laid before both Houses of Parliament.
- g. Annual Report and Accounts filed with the Charity Commission along with an Annual Return that covers such things as:
  - i. Income (including from overseas sources)
  - ii. Senior salaries
  - iii. Payments to trustees
  - iv. Risk management
  - v. Safeguarding
  - vi. Serious incidents.

**Recommendations:**

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2. To approve the Annual Report and Accounts for signing by the Chair of Council.
3. To note the annual reporting requirements associated with the Charity Commission.