



Audit Committee

Minutes of the 41st meeting of the Audit Committee held on
Thursday 27 June 2019

Chair: Chris Shapcott

Present: Haidar Ramadan
Denis Shaughnessy

In Attendance: Sheleen McCormack, Director of Regulation (Item 8)
Leonie Milliner, Chief Executive and Registrar
Carl Pattenden, IT Manager (Item 8)
Matthew Redford, Director of Registration and Resources
Tim Redwood, Crowe Audit Partner (Items 1-5)
James Robinson, Crowe Audit Manager (Items 1-5)

Item 1: Welcome and apologies

1. The Chair welcomed all participants to the meeting and thanked them for participating in the risk workshop which had taken place that morning before the Audit Committee. Apologies were received from Ben Chambers, Registration and Resources Officer.
2. It was noted that the Chair of Council, who receives the papers for each meeting, had advised that she did not have any comments she wanted to be fed into the meeting and that she was content with the papers as drafted.

Item 2: Minutes and matters arising from the meeting of 21 March 2019

3. Two matters arising were raised.
 - a. The first matter arising related to the fraudulent entry to the Register which had been fully reported to the Committee in March 2019. The Chair sought confirmation that this matter was now resolved, and the relevant issues had been discussed by the Policy Advisory Committee. The Executive confirmed this was the case.
 - b. The second matter arising concerned IT security and whether members of the governance structure that need to handle sensitive information via email, such

as the Chair of Council, should be provided with a 'GOsC owned' email account. The Executive reported this was under consideration.

- c. Audit Committee members then questioned whether the information governance framework documentation states specifically the type of information which should or should not be emailable. The Executive reported they would take that point away and review the information governance framework.
4. The minutes of the meeting of 21 March 2019 were agreed as a correct record.

Item 3: Audit findings report 2018-2019 and draft Annual Report and Accounts

5. The Director of Registration and Resources introduced the item, advising members that since the dispatch of the papers two matters had arisen which would require amendments to the accounts. These matters were:
 - Business rates refund credited to the GOsC Southwark Council account
 - High-Court judgement against the GOsC resulting in a costs award
6. The Director of Registration and Resources tabled a one-page summary of the changes to the accounts which would see the deficit after designated spending of £12,737 become a surplus after designated spending of £93,653.
7. The Committee discussed whether the High-Court judgement would be shown as an accrual or a provision in the accounts and the Director of Registration and Resources would finalise that position before the dispatch of the Annual Report and Accounts to Council.
8. The Chief Executive and Registrar explained that she had just attended a meeting to consider whether to appeal the High-Court judgement and had received legal advice from an eminent QC and would reflect on the legal advice, along with discussing the matter with the Chair of Council and the Director of Regulation.
9. The Director of Registration and Resources passed the meeting to the Audit Partner who discussed the Audit Findings Report and the audit which had taken place in May 2019. The following areas were highlighted during the discussion:
 - a. The audit had gone very smoothly, and thanks were expressed to the Registration and Resources team for their work.
 - b. One minor control point was identified by the auditors and management have already reported on how they intend to address this matter.

- c. The control framework should provide Audit Committee with confidence.
- 10. Members questioned the auditors on the reporting of fraud and error. The auditors reported that the GOsC Executive follow best practice in reporting to the Audit Committee at each meeting, stating that GOsC would be in the upper quartile when compared with similar charities and organisations.
- 11. Members reviewed the Annual Report and Accounts and highlighted some minor areas where the financial report and disclosure wording could be modified. The suggestions would be reviewed before the dispatch of the Annual Report and Accounts to the auditors.

Considered: the Committee considered the Audit Findings Report and draft Annual Report and Accounts which would be presented to Council in July 2019 for approval and signing.

Item 4: Auditor Evaluation

- 12. The Director of Registration and Resources introduced the item which was a standing item for the July 2019 meeting.
- 13. Audit Committee discussed the item and confirmed they were satisfied with the performance of the auditors. The auditors were asked what they would do differently to improve on the audit next year. The auditors responded by saying they felt the Annual Report might talk more about 'impact'.

Considered: the Committee considered the auditor evaluation framework and were satisfied with the performance of the auditors.

Item 5: Statement of internal financial controls

- 14. The Director of Registration and Resources introduced the item. He outlined that Audit Committee receive the statement of internal financial controls on an annual basis.
- 15. The Director of Registration and Resources drew attention to two matters. Firstly, that the team was putting in place an additional control addressing the minor control point raised in the Audit Findings Report. Secondly, that during the course of the coming year GOsC will need to move from its existing payroll provider, however, there were benefits around the reconciliation process from doing so.
- 16. Members questioned the controls around the corporate MasterCard used by the facilities team to procure kitchen expenses including lunches for the Professional Conduct Committee. Audit Committee asked the Executive to ensure that terms of

use for the MasterCard were such that they allowed for the card to be used by someone other than the named individual on the card. The Executive said they would take the point away.

Considered: the Committee considered the statement of internal financial controls.

Item 6: Audit Committee performance evaluation: summary of results

17. The Director of Registration and Resources introduced a paper summarising the results of the Audit Committee performance evaluation. The paper, based on responses from Audit Committee members, highlighted a general view that the committee was performing well.
18. There were two areas where the Executive have considered the feedback and provided a response. These were:
 - Risk management and risk register discussion: a workshop had been held prior to the June 2019 Audit Committee.
 - Internal audit activity: the internal audit plan had been approved at the March 2019 meeting, the scope of the audits presented to the June 2019 meeting with the results expected for the October 2019 meeting.
19. There was discussion about the interaction between the Audit Committee and Council as to whether Council was in the habit of considering if there were any areas which should be passed to Audit Committee for review. The Chair of the Audit Committee advised that he raise this point with Council when he meets them in July 2019.
20. The Chair of the Committee felt that it would be beneficial if he, and the other independent member of the Audit Committee (when appointed), be included in the circulation list for Council minutes in order to ensure they remained abreast of Council business and discussions. The Executive took this away as an action point.

Considered: the Audit Committee considered the performance evaluation summary of results.

Item 7: Audit Committee Annual Report 2018-19

21. The Director of Registration and Resources introduced the paper which set out the work of the Audit Committee over the year 2018-19. The Director of Registration and Resources advised that the paper had been seen by the Chair of the Audit Committee prior to the dispatch of the papers.

22. The Committee were content with the report subject to the forward work plan being annexed so that Council have an awareness of the work of the committee through to March 2020.

Agreed: Audit Committee agreed the content of the Annual Report to be submitted to Council in July 2019.

Item 8: Non-financial audit activity

23. The Director of Regulation and the IT Manager joined the meeting for this item.
24. The Director of Registration and Resources introduced the item which was made up of three distinct elements: (1) fitness to practise, initial stages audit (2) IT security and (3) a review into the independence of Screener and Investigating Committee decisions.

Fitness to practise, initial stages audit

25. The Director of Regulation outlined the purpose of the audit which was building upon continued best practice within the team to seek continuous improvement.
26. The Committee engaged positively with the audit approach that was being proposed and asked questions around the percentage of cases being reviewed and whether the auditor would have sufficient time to conduct the reviews. Audit Committee was content with the responses and advised the Director of Regulation that they very much looked forward to receiving the audit results in October 2019.

IT Security

27. Audit Committee were advised that the IT security audit was a follow-up from the January 2017 IT audit. Members discussed the scope of the audit which was annexed to the paper.
28. Audit Committee sought assurance that the IT audit would consider the training staff and non-executive members of the governance structure receive as well as the paperwork associated with information governance and IT security. The IT Manager responded by confirming this would be the case.
29. The IT Manager further advised Audit Committee of some penetration security testing which will be undertaking in the summer. The results of the IT audit and the penetration testing will be presented to the Audit Committee in October 2019.

Review – independence of Screener and Investigating Committee decisions

30. Further clarification on the independent review was given by the Chief Executive. The Chief Executive had identified a legal firm to review the statements and to establish whether there was evidence to underpin the assertions made and, if an investigation was necessary, the terms of reference for such investigation.
31. The Committee considered that the issue should be a matter for Council.

Agreed: the Committee agreed the audit scope and methodology for both non-financial audits.

Item 9: PSA 2017-18 Performance Review - Analysis

32. The Chief Executive and Registrar introduced this item which was noted by the Committee. The Chief Executive reported that the PSA 2018-19 Performance Review Report had been received and comments provided on its factual accuracy. The Chief Executive and Registrar reported that the PSA planned to publish the 2018-19 Performance Review Report on 5th July 2019.
33. **Considered:** the analysis of the PSA 2017-18 Performance Review Report.

Item 10: Monitoring Report

34. Audit Committee received its regular monitoring report which set out one minor data breach that was noted by the committee.

Considered: the Committee considered the monitoring report.

Item 11: Forward work plan

35. The Director of Registration and Resources introduced the forward work plan of the Committee and asked members to consider the content.
36. The Committee discussed whether non-financial audits was the right term and whether internal audits or assurance audits would be better terminology. The Executive advised they would take that away and reflect further.

Considered: the Committee considered the forward work plan.

Item 12: Any other business

37. No other business was raised.

Item 13: Date of next meeting

38. The date of the next meeting will be 14:00pm 24 October 2019.



Audit Committee internal checklist – following its meeting in June 2019

Outstanding actions from June 2019	Action addressed
Check whether the information governance framework has a statement about what information should or should not be emailable.	
Check with the bank around the terms of use of the facilities MasterCard.	
Add the Chair of Audit Committee, and the other independent member of the Committee, to the circulation list for Council minutes.	
Consider use of term 'internal audits' or 'assurance audits' rather than non-financial audits.	