



Council
20 July 2021
Annual Report and Accounts

Classification	Public
Purpose	For decision
Issue	Approve the publication of the Annual Report and Accounts for the financial year 2020-21
Recommendations	<ol style="list-style-type: none">1. To note the Audit Findings Report2. To note the Letter of Representation to be e-signed by the Chair of Council.3. To agree to include a provision in the accounts for a potential future liability related to holiday pay for fitness to practise panel members.4. To approve the Annual Report and Accounts for e-signing by the Chair of Council.5. To note the annual reporting requirements associated with the Charity Commission.
Financial and resourcing implications	The Annual Report and Accounts have been typeset for publication on the website, but not produced as a printed document.
Equality and diversity implications	The Annual Report and Accounts sets out work we have undertaken on equality, diversity and inclusion.
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. Annual Report and Accounts 2020-21.B. Audit Findings ReportC. Letter of Representation
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Key messages from the paper:

- The annual audit was undertaken by Crowe in May 2021 and covered a financial year where staff worked from home.
- The Executive have developed the Annual Report (Annex A) which details the activity we have undertaken in the year across our four strategic goals, our work across the four countries, our narrative around our areas of risk and our financial report, which this year is centred around the Value Proposition, our articulation of where our regulatory approach adds value.
- The audit ran smoothly with just two minor control points identified. These are set out in the Audit Findings Report (Annex B) and were scrutinised by the Audit Committee at its meeting in June 2021.
- The Audit Committee recommend the Annual Report and Accounts to Council subject to Council discussing whether to keep a provision in the accounts for potential future costs which might arise as a result of an employment tribunal case that involves the Nursing and Midwifery Council.
- The Executive proposes that the provision is kept within the accounts as this reflects a prudent and cautious financial approach to the developing issue.
- Audit Committee considered information provided by the Executive on whether the GOsC was a going-concern. The Executive and Audit Committee concluded that the GOsC remained a going-concern.
- Council will be asked to approve the Letter of Representation (Annex C) which will be signed by the Chair alongside the Annual Report and Accounts.
- The Annual Report and Accounts need to be laid before both Houses of Parliament by 30 September 2021 and we also need to submit the accounts to the Charity Commission within nine months of our year end.

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 2020-21 accounts are the fourth 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 fifth time by Crowe in May 2021. This is their last audit before a retender is scheduled. Audit Committee will discuss this process at its October 2021 meeting.

4. Due to the pandemic, the audit was carried out remotely. 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.
5. The AFR was presented to the Audit Committee by Tim Redwood, Partner, on 24 June 2021 and is attached at Annex B for Council members only. At the request of Crowe, the AFR will not be made publicly available online, and this is in line with normal auditing practice.
6. The audited accounts are accompanied by an Annual Report setting out the activities of the GOsC over the previous twelve months.
7. The papers are sent out approximately two weeks before the Council meeting. If a member of Council identifies a significant problem with the Annual Report and Accounts, this should be drawn to the attention of the Chief Executive and Registrar in advance of the meeting. This is to ensure that the Annual Report and Accounts can be signed electronically by the Chair of Council.

Discussion

Audit Findings Report

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

Potential for significant risk	Conclusion
Recognition of registration fees	The audit sample testing identified one error. Further investigation was carried out and it was agreed that this did not represent a material concern.
Board and Committee allowances	No significant issues were identified.
Payroll	No significant issues were identified.
Investments	An error in the investment calculation was identified during the audit and corrected within the accounts.
Completeness of liabilities in respect of Professional Conduct Committee cases	We had included in the accounts a provision for Court of Appeal costs. In discussion with the auditors this provision has been removed and a designated fund created in the Balance Sheet reserves.
Provisions	A provision has been included in the accounts for potential costs arising from an Employment Tribunal case involving the Nursing and Midwifery Council and a member of their fitness to practise panels.

Other expenditure	No significant issues were identified.
Other balance sheet issues	No significant issues were identified.
Management override of controls	There was one issue identified where a journal was processed outside of the control framework
Significant transactions outside of the normal course of business	None were identified.

9. There were two minor control points identified during the course of the audit and these are detailed in the AFR. It was reported by the Audit Partner that the audit had again gone very smoothly. The AFR should provide reassurance to Council members that the internal financial controls are robust, given we have operated remotely for a full financial year and the two control points identified were both classified as minor.

Provision versus Contingent Liability

10. The accounts which are presented to Council include a provision for the sum of £65,500. The provision has been made in relation to potential additional panellist cost, reflecting our prudent estimate of the potential wider impact of an employment tribunal claim, involving the Nursing and Midwifery Council (NMC).
11. Panellists sit on our fitness to practise panels and do not have employment status. This claim, which is being contested by the NMC and not the GOsC, relates to whether the panellist is a worker, with entitlement to holiday pay. The case is ongoing and the provision has been made to cover potential costs which GOsC might incur as a result of the wider employment tribunal claim.
12. The debate at the Audit Committee was whether this should be included in the accounts as a provision or as a contingent liability. The difference between the two is as follows:
- ‘An organisation should recognise a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability.’
13. A provision is classed as probable if it is considered ‘more likely than not’ to be incurred and the amount to be provided can be reliably estimated.
14. The view of the Executive is that if the case against the NMC is upheld, there is a realistic probability that it will be considered a precedent and therefore, the Executive believe it is ‘more likely than not’ that a future liability would be incurred. For that reason, the Executive view is that the provision should remain in the accounts as this is the prudent and cautious financial approach to take.
15. In discussion with the auditors the Audit Committee were content that the amount to be provided had been reliably estimated.

16. Council will be asked to approve the inclusion of the provision in the signed accounts.

Signing the accounts

17. Audit Committee were content to recommend to Council that the Annual Report and Accounts be signed electronically by the Chair of Council subject to the decision on whether to include a provision or not.

Annual Reporting requirements

18. Once the Chair of Council has signed the Annual Report and Accounts electronically, the steps below will be followed:
 - a. Annual Report and Accounts emailed to Crowe for e-signing by the Audit Partner during the afternoon of 20 July 2021.
 - b. Annual Report and Accounts presented to Privy Council for pre-laying approval.
 - c. Privy Council approve 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.
 - d. Annual Report and Accounts laid before both Houses of Parliament by 30 September 2021.
 - e. Annual Report and Accounts published on GOsC website after document laid before both Houses of Parliament.
 - f. 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:

1. To note the Audit Findings Report
2. To note the Letter of Representation to be e-signed by the Chair of Council.

3. To agree to include a provision in the accounts for a potential future liability related to holiday pay for fitness to practise panel members.
4. To approve the Annual Report and Accounts for e-signing by the Chair of Council.
5. To note the annual reporting requirements associated with the Charity Commission.