



Council
20 July 2023
Annual Report and Accounts

Classification	Public
Purpose	For decision
Issue	Approve the publication of the Annual Report and Accounts for the financial year 2022-23
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 approve the Annual Report and Accounts for e-signing by the Chair of Council.4. 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 2022-23B. Audit Findings ReportC. Letter of Representation
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Key messages from the paper:

- The annual audit was undertaken by Haysmacintyre in the months of May and June 2023.
- 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 three 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 2023.
- The Audit Committee recommend the Annual Report and Accounts to Council subject to Council noting the continued inclusion of a provision 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 ongoing 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 2023 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 2022-23 accounts are the sixth 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 first time by Haysmacintyre commencing in May 2023. This is their first audit following their successful tender bid.

4. The audit was carried out remotely, in line with the hybrid working model now adapted by the GOsC. Following the conclusion of the audit, Haysmacintyre 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 Ezenwa Osuji, Not For Profit (NFP) Audit Senior Manager, on 29 June 2023 and is attached at Annex B for Council members only. At the request of Haysmacintyre, 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. 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 post the July Council meeting.

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	No significant issues were identified.
Board and Committee allowances	No significant issues were identified.
Payroll	No significant issues were identified.
Investments	No significant issues were identified.
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	No significant issues were identified.
Information Technology (IT)	Reporting: Legacy CRM software reporting

Potential for significant risk	Conclusion
	limitations acknowledged. IT access controls: Recommended the implementation of a User Access Right policy. Penetration testing: Recommended the scheduling of annual penetration testing.
Significant transactions outside of the normal course of business.	None were identified.

9. The AFR includes findings from the extensive IT investigation and audit. Three points were raised:
- the first was an acknowledgement that the legacy CRM software includes reporting limitations that require date sensitive reporting to mitigate for the fact that the system does not incorporate historic reports.
 - The second was a recommendation to implement a User Access Right policy. The Executive disagrees with the description for this audit finding. The access rights, for example in CRM, are based on what people do (roles) not who they are (people), so the description is inaccurate.

Also, the idea of people moving between departments is less likely in a small organisation like the GOsC. Every user has access based on the roles they perform within the CRM i.e. limitations are placed on what information can be seen and/or updated, when a user leaves the organization access is revoked and the password is changed.
 - The third was a recommendation to schedule annual penetration testing; this already formed part of our trajectory and was discussed by Audit Committee.
10. Overall, the AFR should provide assurance to the Audit Committee that the internal financial controls and operational processes continue to be robust.

Provision

- For the benefit of Audit Committee, we provide an update on the NMC Employment Tribunal case, which is to be treated in confidence.
- We are aware that the NMC were not successful in their Court of Appeal case; however, the final judgement is not expected until later this year. Therefore, this matter is not closed and remains unresolved.
- From our position, we know that our contracts with fitness to practise panel members are silent on the issue of holiday pay. It would be premature to make any changes to how we operate/pay members before the NMC case was

concluded. We understand that while some healthcare regulators have taken legal advice, others have not and so GOsC is not an outlier in this regard.

14. The ongoing advice to Audit Committee, and to Council, will be to wait until the NMC employment tribunal is concluded and then to take appropriate advice if needed, which is both relevant to our context and which has the final facts of the tribunal at its disposal.
15. In terms of the provision contained within the accounts, this remains unchanged whilst we continue to engage in discussions with other regulators and monitor the case progression.

Signing the accounts

16. Audit Committee were content to recommend to Council that the Annual Report and Accounts be signed electronically by the Chair of Council.

Annual Reporting requirements

17. 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 Haysmacintyre for e-signing by the Audit Partner during the afternoon of 20 July 2023.
 - 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 2023.
 - 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 approve the Annual Report and Accounts for e-signing by the Chair of Council.
4. To note the annual reporting requirements associated with the Charity Commission.