



Council
18 July 2024
Annual Report and Accounts

Classification	Public
Purpose	For decision
Issue	Approve the publication of the Annual Report and Accounts for the financial year 2023-24
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 remove the provision from the accounts and replace the provision with a contingent liability.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 2023-24B. Audit Findings ReportC. Letter of Representation
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Key messages from the paper:

- The annual financial audit was undertaken by Haysmacintyre in May and June 2024.
- 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 narrative around our areas of risk and our financial report, which again includes the Value Proposition, our articulation of where our regulatory approach adds value.
- The audit ran smoothly for the most part, except for two changes which were brought to our attention by the auditors quite late in the process. Further information is in the paper.
- No new control points were identified; the three control points from the previous year were resolved in the year. The Audit Findings Report is set out at Annex B.
- The Audit Committee recommend the Annual Report and Accounts to Council subject to Council noting the reversal of the prior provision in relation to an employment tribunal case that involved the Nursing and Midwifery Council.
- 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 2024 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 2023-24 accounts are the seventh 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 by Haysmacintyre in May and June 2024.
4. The audit was carried out remotely, in line with the hybrid working model now adopted 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 Adam Halsey; Partner, Head of Charities; on 20 June 2024 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 brought to the attention of the Chief Executive and Registrar and Head of Resources and Assurance in advance of the meeting. This will 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 AFR, 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 had 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. The provision has been reversed on the advice of the auditors – see later section in the paper.
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)	No significant issues were identified.
Significant transactions outside of the normal course of business	None were identified.

9. Overall, the AFR provided assurance to the Audit Committee that the internal financial controls and operational processes continue to be robust, and have improved in the last year.

Changes to the Annual Report and Accounts

Removal of prior year restatement

10. Before the audit commenced the Executive notified the auditors of an error which they had detected in the prior year accounts relating to the calculation of deferred registration fee income. The error meant that total income for 2023 was overstated and total income for 2024 would be understated by £56k.
11. At the outset of the audit we discussed and agreed an approach with the auditors which saw the prior year figures restated and an appropriate set of notes and disclosures added to the financial statements.
12. At the audit close out meeting we were advised that the restatement, and the approach which had been agreed with the auditors, was no longer correct. The reason for this was that the auditor had used the incorrect materiality level when reviewing the financial statements. This means we were not able to restate the previous year's comparatives due to the adjustment being below the materiality level.
13. We were not made aware of this until the audit close out meeting on 11th June, and as a result were unable to amend the accounts before submitting Audit Committee papers on 13th June for the meeting a week later. We were due to gain agreement from the Audit Committee at that meeting to submit the accounts to Council for approval.
14. This delay meant we had to build in an extra step to get the accounts approved electronically by the Audit Committee in time for submitting these papers. This additional step, and agreement from the Audit Committee, has now happened, and the accounts before Council can be agreed for signing by the Chair.

Reversal of provision

15. We have previously carried a provision of £65k in the financial statements. Following advice from the auditors, we have reversed the provision in favour of a contingent liability.
16. At the audit close out meeting, there was a discussion about the approach that GOsC was taking to the Somerville judgement and whether a provision or contingent liability was required. The Executive now consider a contingent liability to be the correct approach.
17. To support this decision, applying the accounting standard for whether or not to include a provision, we have considered the fact that no claims have been made by fitness to practise panel members so far, despite there being precedent for doing so. The Executive have also noted there is no constructive obligation to

pay out any claims. As a result, the likelihood of a non-voluntary payment being made is 'less than probable' meaning that a contingent liability is a more appropriate classification of this potential liability in line with the requirements of IAS 37.

Signing the accounts

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

Letter of representation

19. The letter of representation from Council to Haysmacintyre is attached at Annex C. The letter sets out responsibilities and representations made by Council to the auditors to confirm that certain matters have been undertaken, and to confirm the responsibilities of Council to ensure there is no misunderstanding between the two parties.

Annual Reporting requirements

20. Once the Chair of Council has signed the Annual Report and Accounts electronically, the steps below will be followed:
 - a. The Annual Report and Accounts emailed to Haysmacintyre for e-signing by the Audit Partner during the afternoon of 18 July 2024.
 - b. Once signed by both parties, the Annual Report and Accounts are presented to Privy Council for pre-laying approval.
 - c. Privy Council agree the Annual Report and Accounts and confirm the 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. The Annual Report and Accounts are laid before both Houses of Parliament by 30 September 2024.
 - e. The GOsC publish the Annual Report and Accounts on our website after the document is laid before both Houses of Parliament.
 - f. The Annual Report and Accounts are 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 remove the provision from the accounts and replace the provision with a contingent liability.
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.