



Audit Committee

Notes of the inquorate meeting of the Audit Committee held on
Wednesday 23 March 2016

Unconfirmed

Chair: Chris Shapcott

Present: Martin Owen

In Attendance: Jenny Brown, Auditor and Engagement Lead, Grant Thornton (Items 1-4)
Ben Chambers, Registration and Resources Administrator
Matthew Redford, Head of Registration and Resources
Brigid Tucker, Head of Policy and Communications (Items 1-5)
Tim Walker, Chief Executive and Registrar
Alison White, Chair of Council

Item 1: Welcome and apologies

1. The Chair welcomed all participants to the meeting.
2. Apologies were received from Brian McKenna and Mark Eames.
3. It was noted that this would be an inquorate meeting of the Committee.

Item 2: Minutes of the previous meeting and matters arising

4. Due to the inquorate meeting, the minutes for the meeting of 25 November 2015 will be agreed at the next Committee meeting in June 2016.

Matters arising

5. The Chair of Council clarified the position of the reconstituted Council and confirmed the new Council has been appointed by the Privy Council. She commented that new Council members may attend Audit Committee as observers at future meetings to gain an understanding of its role and function.
6. The Chair of Council also wanted to thank Mark Eames and Brian McKenna for their past service to Audit Committee and Council.

Item 3: Financial audit preparation and audit plan

7. The Head of Registration and Resources outlined the financial audit preparation and audit plan.
8. He advised GOsC has been working closely with Grant Thornton preparing for the transition to FRS 102. Audit planning and fieldwork commenced in February 2016 and GOsC are continuing to work with Grant Thornton, preparing for the on-site audit in May 2016.
9. The Auditor commented that in the audit plan, the transition to FRS 102 is automatically listed as a significant risk and that the change to FRS 102 had incurred a one-off transition fee. The Auditor noted that the one-off fee was relatively low due to the work already undertaken by the GOsC Executive. She added that a new Audit Manager, Heather Boden, would be overseeing this year's audit.
10. A discussion took place concerning statutory accounts and the useful life of assets that included a reminder that Section 40 of the Osteopaths Act 1993 requires the GOsC to '*...keep proper accounts of all sums received or paid by it and proper records in relation to those accounts*' and moving to FRS 102 would support the underpinning legislation.
11. Members were informed that a revaluation of Osteopathy House had been undertaken which had been split between land and buildings, and the results had been reported to Council in February 2016. It was noted that Council agreed to note the position and make no changes to the accounts at this time.
12. Members queried how many years Osteopathy House had been depreciated. The Head of Registration and Resources responded, confirming that Osteopathy House was being depreciated over a 50 year period and 18 years of depreciation had already been charged to the accounts. Members queried the £82k depreciation charge and the Head of Registration and Resources answered that the balance was calculated over the remaining 32 year depreciation period.
13. A discussion arose surrounding the consideration of charitable status and it was noted that three other healthcare regulators have gained charitable status.
14. A question was raised by members as to whether the depreciation charge this year was for buildings only or for land and buildings. The Head of Registration and Resources confirmed that the depreciation charge this year would be for buildings only.

15. Members thought it would be helpful to have a private meeting with Grant Thornton just prior to the next meeting of Audit Committee where the findings of the financial-year audit would be discussed.

Noted: the Committee noted the audit plan and financial audit preparation.

Item 4: Review of principal accounting policies

16. The Head of Registration and Resources introduced the report which set out the principal accounting policies and the mechanism of how these policies are reviewed.
17. He added that the review of principal accounting policies would be presented to the Audit Committee annually for review.
18. Members queried whether the National Council of Osteopathic Research (NCOR), being accounted for as a Joint Arrangement which is Not an Entity (JANE) was relevant now. Members were advised that the JANE arrangement is no longer relevant for future accounting periods.

Noted: the Committee noted the review of principal accounting policies.

Item 5: Risk Register

19. The Chief Executive introduced the revised version of the Risk Register for the Committee's consideration.
20. He introduced the Head of Policy and Communications, commenting that the Head of Professional Standards was planning to attend the next meeting of the Committee.
21. He continued by commenting that the Risk Register has been split into three sections; current key risks, business plan risk assessment and the risk assurance map. He added that the current key risks section was added to extract what GOsC thought were the most pressing matters contained in the Risk Register/Business Plan and issues that could arise which might not fit into the business plan structure.
22. A number of topics were discussed:
 - a. Members commented that the fundamental concern of all regulators should be its reputation and areas that may cause reputational damage. Therefore members were interested in the organisation's capacity to respond quickly and capably to any incident that arose. The Head of Policy and Communications

responded that from her point of view, the biggest risk was lost of confidence in the GOsC. She added that GOsC must always be accessible to the public, i.e. websites and staff available on the phone. She added that reacting quickly to incidents, e.g. a high profile media incident, was important although it was rare for the GOsC to experience such a situation. As the GOsC has a small Senior Management Team, all of who are easily accessible, the risk of delays to drafting responses is reduced.

- b. It was noted by the Chief Executive that former versions of the Risk Register included 'reputation' as a key risk. Instead he said he believed the risk register should contain issues that might damage an organisation's reputation and the risk register was amended. He added it was important that GOsC has the correct tools in place to deal with any scenario and that access to senior management was not an issue.
- c. The Head of Policy and Communications commented that responding to incidents was important but being able to respond appropriately was key.
- d. Members discussed risks that would come from significant legislative changes, such as the organisation being dissolved by Parliament, that could have the potential to disrupt the work of the GOsC, i.e. staff leaving the organisation. It was noted that GOsC is the only regulator that has an unblemished record, according to the PSA.
- e. Members asked how often the risk register was reviewed; the Chief Executive responded that the risk register is reviewed by the Senior Management Team approximately three times a year.
- f. The Chair of Council commented that the perspective of Council should be from a strategic corporate manner and it was noted that Council is a receiver of assurance, not a giver of assurance. She added that it would be useful for Council to review the current key risks section twice a year in a private session, the business plan risk assessment section annually in public, and the assurance map section in context with the Corporate Plan.

Noted: the Committee noted the revised risk register.

Item 6: Internal audit plan 2016-19

- 23. The Head of Registration and Resources introduced the report which asked the Committee to consider its approach to internal audit activity across the next three years.

24. He commented there were three key areas – the need to have audit activity across the breadth of the organisation; that internal audit work should compliment existing activity and finally that identifying service improvements was important.
25. Members noted the suggested order of the audit plan, commenting that the risk of reputational damage, IT security/communication and business continuity could be made a higher priority to ensure the proper mitigations are in place.
26. Members thought it would be useful to see the assurance the Executive receives from its web company concerning web security as it would be useful to gauge if the audit was needed before the suggested time.
27. It was noted that although members thought business continuity should be made a higher priority on the audit plan, if in the event the office cannot be accessed GOsC staff are able to operate remotely and continue day-to-day operations.
28. Members thought the internal audit plan should be brought back for the next meeting so that new members could make comments, if any, about the proposed audit plan.

Noted: the Committee noted the internal audit plan.

Item 7: Internal audit report – *Return to Practice process*

29. The Head of Registration and Resources introduced the report which set out the audit findings of the Return to Practice process.
30. The Chief Executive commented that he had undertaken the audit. He noted that the right outcomes of the return to practice process were being met but the way it was documented, especially at the beginning of 2015, could be improved upon. He also noted that the Head of Registration and Resources had introduced a new system for monitoring and recording outcomes since the process had come under his control.
31. Members asked if this process was voluntary for registrants and applicants. The Head of Registration and Resources said the process was voluntary as it is not underpinned by legislation. It was noted that despite the return to practice process being voluntary, 100% of individuals have participated and feedback received from several individuals thought this process was very useful to them.
32. It was noted that recommendations of the findings have been discussed with members of the Registration and Resources Department and will be implemented.

33. Members thought it may be useful to include a brief summary of the completed audit prior to presenting the full findings in future reports.

Noted: the Committee noted the audit findings of the Return to Practice process.

Item 8: Evaluation of the 2016-19 Corporate Strategy

34. The Chief Executive introduced the report which asked members to consider the evaluation of the 2016-19 Corporate Strategy.
35. It was noted that when compared to the PSA measures of performance, the GOsC measures of performance seem to be very effective.
36. Members queried the evaluation of the efficiency of the organisation, thinking this was reflected in the level of registration fee charged to registrants. The question was answered, advising that the amount of the registration fee was largely due to the number of registrants. Some of the larger healthcare regulators are able to offer lower registration fees due to the significant number of healthcare practitioners registered with them.

Noted: the Committee noted the evaluation approach for the 2016-19 Corporate Strategy.

Item 9: Monitoring report

37. The Registration and Resources Administrator introduced the report which set out notifications of fraud, critical incidents, data breaches and corporate complaints.
38. Members noted that the Registration and Resources Administrator had developed trial guidance for a new classification of data breaches and they were pleased with the way this was outlined and described in the paper.
39. The Chief Executive added that some of the corporate complaints fell outside the corporate complaints process, as some of the decisions made were by an independent decision-making body which are subject to a statutory appeal process, i.e. fitness to practise panels. However as these had been raised under the corporate complaints process, they were being reported to the Committee in this manner.
40. He added that GOsC is now looking into the introduction of a secure document transfer system for fitness to practice documents, moving away from password protected documents attached to emails. In the interim more robust password protection has been introduced.

Noted: the Committee noted the monitoring report.

Item 10: Forward work plan

41. The Registration and Resources Administrator introduced the forward work plan of the Committee and asked members to consider the content. The Head of Registration and Resources commented that the internal audit plan 2016-19 would be added to the forward work plan at the June 2016 meeting.
42. The Chief Executive added that the GOsC's whistleblowing policy was being reviewed following the PSA audit of the General Dental Council (GDC) governance and fitness to practice report and a revised policy would be brought to Council in 2016.
43. The Chief Executive thought it would be a good idea for Audit Committee to review the revised whistleblowing policy before it was taken to Council. The Chair of Council commented the revised policy should take into account the comments of the PSA audit of the GDC, and thought it may be useful for Committee members to view the relevant sections of the GDC governance and fitness to practice report that had been audited.

Noted: the Committee considered the forward work plan.

Item 11: PSA Performance Review process

44. The Chief Executive introduced this item which outlined the new PSA Performance Review process.
45. The Chief Executive commented that the GOsC volunteered to be in the first wave of regulators reviewed under the new Performance Review process.
46. It was noted that the recommendation of the initial PSA review was that a full Performance Review of GOsC was not required and that GOsC had met all the standards. GOsC is awaiting confirmation of this recommendation from the PSA.

Noted: the Committee noted the PSA Performance Review Process.

Item 14: Any other Business

47. None.

Item 15: Date of next meeting

48. The date of the next meeting will be Thursday 30 June 2016 at 10.30 a.m.