General Osteopathic Council

Audit Committee

Minutes of the 34th meeting of the Audit Committee held on
Thursday 16 March 2017

Unconfirmed

Chair: Chris Shapcott

Present: Martin Owen
                    Denis Shaugnessy

In Attendance: Ben Chambers, Registration and Resources Officer
                    Matthew Redford, Head of Registration and Resources
                    Tim Redwood, Audit Partner from Crowe Clark Whitehill (Item 1-6)
                    Florisa Tanpoco, Internal Audit Manager from Crowe Clark Whitehill (Item 1-6)
                    Tim Walker, Chief Executive and Registrar

Item 1: Welcome and apologies

1.   The Chair welcomed all participants to the meeting.

2.   Apologies were received from Haidar Ramadan.

Item 2: Minutes of the meeting of 24 November 2016 and matters arising

3.   The minutes for the meeting of 24 November 2016 were agreed as a correct record.

Item 3: Updated Risk Register

4.   The Chief Executive introduced the updated Risk Register.

5.   The following areas were highlighted as part of the discussion:

   a.   The risk relating to the Welsh Language Scheme was discussed at length, in particular the significant cost implications. It was noted that the GOsC has responded to the Welsh Government's consultation on new standards including providing an estimate of costs and that the GOsC is also engaging directly with the Welsh Government jointly with other regulators and we hope that the risk can be decreased in severity or removed from the Risk Register later on in the

year.

b. The risk relating to major legislative proposals was also discussed by the Committee. The Chief Executive commented that there was likely to be a consultation at some point this year, adding the GOsC is talking with the other regulators surrounding possible minor legislative changes and that it would continue to perform its duties as they stand. As part of the discussion, it was highlighted that contingency planning in this area is difficult and that the GOsC does have ongoing dialogue with the Department of Health (DH), Professional Standards Authority (PSA) and other regulators.

c. The Committee discussed with the Head of Registration and Resources risk issues in his areas of responsibility. He advised that he considered the integrity of the Register to be of paramount importance and reflected on the internal audit activity which has focused on registration and which has been reported to Audit Committee previously.

d. As part of the discussion around registration, the Committee asked if there was any monitoring of individuals who had left the register to ensure they are no longer using the protected title. The Head of Registration and Resources responded that the individuals were contacted after leaving the register to advise them to update all stationary and publishing materials to remove any use of the protected title. At the conclusion of the discussion, he noted there was no process for active surveillance of the internet by his team or the Regulation team of those who advertise as an osteopath and who are not registered.

Noted: the Committee noted the updated risk register.

Item 4: Financial audit preparation and audit plan 2016-17

6. The Crowe Clark Whitehill (CCW) Audit Partner outlined the report which introduced the financial audit preparation and proposed audit plan for 2016-17.

7. The following areas were discussed:

a. The risk of fraud was discussed with members and the Audit Partner and its placement on the Risk Register. It was noted that members and the Executive find the risk of fraud very low. A fraud risk assessment, in particular to financial fraud, was suggested. The Audit Partner advised any breakdown in any control would be reported during the course of the audit.

b. Capitalisation of IT software was discussed – the Audit Partner advised this was not seen as a significant risk area for audit purposes.

c. The Audit Partner advised that as this would be CCW's first financial audit for the GOsC, some time would be spent understanding the organisation's system controls and processes. He added that due to auditing standards, CCW would also be required to carry out high level procedures on the previous financial year's figures such as brought forward balances etc.

d. The Audit Partner noted that they have set out previous findings from Grant Thornton's audits and advised these would be monitored to make sure these previous findings are still being considered by the Executive.

e. Members asked the Audit Partner if they had everything necessary from the Executive in order to plan for and conduct the audit. The Audit Partner advised a planning session had taken place between CCW together with the Head of Registration and Resources and the Registration and Resources Officer to schedule audit fieldwork dates and discuss information CCW may require.

f. Members noted some minor typographical errors in the report to which the Audit Partner apologised, noting a revised version of the report had recently been sent to the Registration and Resources Officer who has circulated the revised version to members.

g. The Chief Executive noted that the GOsC is still waiting to hear about its application to become a registered charity.

Agreed: the Committee agreed the audit plan for 2016-17.

Item 5: Principal accounting policies - review

8. The Head of Registration and Resources introduced the report which outlined the principal accounting policies, reviewed by Audit Committee annually, and noted the report was addressing only minor amendments which were highlighted within the report.

9. Members suggested the wording of the current statement of investment policy should be amended and the CCW Audit Partner commented he has provided some suggestions to the Head of Registration and Resources separately.

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

Item 6: Internal audit report – *IT security/Business Continuity*

10. The Head of Registration and Resources introduced the report which outlined the internal audit report surrounding IT security and business continuity. He advised

members that IT security would be dealt with first as the Internal Audit Manager from CCW had attended to speak about the IT review, and business continuity would be covered separately. He passed the report to the Internal Audit Manager.

11. The following areas were highlighted as part of the discussion:

    a. The CCW Internal Audit Manager briefly outlined the report, commenting that business continuity and disaster recovery had not been tested as part of the audit as this was being dealt with by the GOsC. She added the report outlined areas where good practice was observed and recommendations for improvement.

    b. Members and the Executive agreed recommendations from the IT audit would be implemented where it was appropriate and reasonable to do so, taking into account the resources available to the GOsC to ensure key sensitive information was protected, and our ability to continue to function as a statutory regulator was not impeded.

    c. It was added that we need to determine the material risks that need to be mitigated and our response needed to be proportionate, taking into account the GOsC's available resources.

    d. There was a discussion around malware protection, where members commented that the GOsC needed to seek assurance that systems managed by third parties were robust against modern malware attacks, and it was agreed enhancements were needed with third-parties with regards to malware protection, vendor management and patch management. Penetration testing may be required in addition to monitoring assurance from the third-party providers.

    e. Improvements over security of data accessed remotely are required, as well as to its mobile and offsite backup data.

    f. It was agreed that more assurance/information from the third-party IT providers was essential.

    g. The CCW Audit Partner and Internal Audit Manager left the meeting at this point.

    h. The Executive advised members that a report outlining the detailed management response to each of the findings will be presented at the next meeting of the Committee.

12. The discussion then turned to business continuity. The Head of Registration and Resources briefly introduced the item and the following areas were highlighted:

   a. It was noted that 22 out of 27 staff were able to access the cloud environment from home and all staff could be contacted.

   b. The Regulation Team have developed a plan to scan any remaining hard-copy case files to mitigate the risk of files being lost or damaged in the event of a fire.

   c. Awareness about the business continuity plan needed to be raised among staff.

   d. Members agreed this was a good exercise to undertake, adding there may be other scenarios that may wish to be reviewed, for example if there was a case of pandemic flu. The Executive advised the key things to think about in this instance would be to ensure the critical aspects of being a statutory regulator could still be carried out.

   e. The Executive noted that a revised business continuity plan would be brought to the Committee at a future meeting.

Noted: the Committee noted the internal audit reports for IT security and business continuity and the intention to present a report outlining the management response to CCW's findings at the next meeting of the Committee.

Item 7: Internal audit plan 2016-19 – second year activities

13. The Head of Registration and Resources introduced the report which outlined the second year of internal audit activities.

14. A discussion took place surrounding the second year of activities and members were keen to ensure the actions of the IT audit were implemented and thought the next year of activities should focus on post-implementation of the IT audit recommendations.

15. Members believed it was prudent to gain a certain level of assurance on more important aspects of the business such as the response to the IT audit and the response to information security.

16. It was noted by the Executive that they were keen to give the Committee exposure to all areas of the business and it was good to explore areas outside of the normal scope of control.

17. Members thought it would be good to spend a year focusing on IT to ensure our systems are fairly robust and it would be useful to assure ourselves there are no other ways in which there could be a significant leak of personal data or signification loss of information.

18. The Chief Executive recommended the recommendations highlighted from the IT audit should be implemented where reasonable and appropriate. He added that testing of the current information governance framework should also be undertaken.

19. The Head of Registration and Resources advised the second year of audit activities would be dropped in favour of developing and implementing an action plan arising from the IT audit.

Noted: the Committee considered the internal audit plan and made recommendations on changes to the second year of planned activities.

Item 8: Audit Committee performance evaluation report

20. The Head of Registration and Resources introduced the report which outlined a way in which the Committee could reflect on its own work in a simple and proportionate way, by sending members a questionnaire to evaluate their own effectiveness.

21. Members thought the questionnaire would be useful and raised a few other points:

    a. It would be helpful to make the survey anonymous and that it was also sent to the Executive and other appropriate members of Council on the effectiveness of Audit Committee.

    b. Feedback and suggestions for improvement for Committee members would be useful.

    c. There are well-established checklists for performance evaluation models already in place which could be adapted for the use of this Committee.

22. The Head of Registration and Resources added that member's comments would be taken away and a questionnaire would be produced for members to complete.

Noted: the Committee agreed the approach to Audit Committee performance evaluation.

Item 9: *Striking the balance* – review of findings

23. The Chief Executive introduced the report which set out the review of findings of the report *Striking the balance.* He added this was a useful exercise and outlined a number of areas of improvement that were outlined in the paper.

24. Members clarified the definition of 'regulatory capture', i.e. developing over-close relations with those we regulate, to which the Chief Executive replied this is not something to be overly concerned about but something that the Senior Management Team should consider at a future meeting.

25. The Chief Executive noted that he believes the GOsC has a robust system in place for reporting conflicts of interest should any arise.

26. Members were pleased with the paper and found it a useful tool.

Noted: the Committee noted the content of the report.

Item 10: Monitoring report

27. The Registration and Resources Officer introduced the report which set out notifications of fraud, critical incidents, data breaches and corporate complaints.

Noted: the Committee noted the monitoring report and guidance provided by the Charity Commission on what constitutes a 'serious and critical incident'.

Item 11: Forward work plan

28. The Registration and Resources Officer introduced the forward work plan of the Committee and asked members to consider the content.

29. It was noted that adjustments would be made to the forward work plan following the discussion of this meeting.

Noted: the Committee noted the forward work plan.

Item 12: Any other Business

30. None.

Item 13: Date of next meeting

31. The date of the next meeting will be Tuesday 20 June 2017 at 14.00pm.