



Audit Committee

Minutes of the 40th meeting of the Audit Committee held on
Thursday 21 March 2019

Unconfirmed

Chair: Chris Shapcott

Present: Martin Owen
Haidar Ramadan
Denis Shaughnessy

In Attendance: Fiona Browne, Director of Education, Standards and Development (Item 10)
Ben Chambers, Registration and Resources Officer
Sheleen McCormack, Director of Regulation (Items 9 and 10)
Leonie Milliner, Chief Executive and Registrar
Carl Pattenden, IT Manager (Items 8 - 10)
Matthew Redford, Director of Registration and Resources
Tim Redwood, Crowe Audit Partner (Items 1 – 4)
Alison White, Chair of Council (Items 1 – 6)

Item 1: Welcome and apologies

1. The Chair welcomed all participants to the meeting.

Item 2: Minutes and matters arising from the meeting of 25 October 2018

2. The minutes of the meeting of 25 October 2018 were agreed as a correct record.

Item 3: External financial audit plan FY 2018-2019

3. The Director of Registration and Resources briefly introduced the item, before passing to the Audit Partner.
4. The Audit Partner took members through the audit plan in detail, noting the audit plan was similar to last year as there had been no significant changes to the organisation.
5. The following areas were highlighted during the discussion:

- a. The Audit Partner outlined the key areas the financial audit would focus upon; management override of controls, recognition of registration fees, Board and Committee allowances and expenses, payroll, completeness of liabilities in respect of PCC cases and other expenditure.
- b. A question was raised by the Chair of Council concerning whether changes to the International Financial Reporting Standards (IFRS) would have an impact on Financial Reporting Standard (FRS) 102. The Audit Partner responded, advising that FRS102 was separate from IFRS. He advised there may be an impact in the future but not at this point in time because there would be a transition period and any implementation date is a long way off.
- c. Members raised a question concerning board members and payroll. The Director of Registration and Resources responded to advise this discussion had been held with HMRC who had confirmed that council and committee members are office holders, fitness to practise panellists were not office holders and neither are eligible for pensions. He added that all were being paid and taxed in the correct manner, with the correct operation of deductions being carried out.
- d. The Audit Partner mentioned Crowe have been in touch with Southwark Borough Council over the last year concerning backdated refund of business rates. He advised Southwark have agreed the organisation is owed business tax relief and a calculated refund would be issued. He advised he did not know when Southwark would issue the refund. He asked the Director of Registration and Resources to let him know if the refund was not received, so that Crowe could get back in touch with Southwark.

Considered: the Committee considered the external financial audit plan.

Item 4: Review of principal accounting policies and accounting estimates and judgements

6. The Director of Registration and Resources introduced the item.
7. He briefly outlined the minor changes to the principal accounting policies, advising members that if they were content with the changes, these would be recommended to Council. The Audit Partner confirmed Crowe had made recommendations, bringing in standardised wording from the Charity Commission, which were reflected in the minor changes that had been made.
8. A short discussion took place around the ambiguity of some of the previous wording. It was outlined clearly that the organisation was behaving properly but the current wording needed clarity. It was the wording of the policies that was being redefined, not the practical application of these policies.

9. The Audit Partner left the meeting at the conclusion of this item.

Noted: the Committee noted the minor changes to the principal accounting policies.

Item 5: Terms of reference

10. The Director of Registration and Resources briefly outlined the item, advising it had arisen following discussion at previous meetings which led to a separate conversation between the Chair of Council and the Chair of Audit Committee. It was noted the recommendations would be passed to Council for approval at its meeting in May 2019.
11. The Chair of Audit Committee also outlined the history that had led to the proposed changes to the terms of reference. The main concern members had was with the proposed change to the opening phrase of the terms of reference "The role of the Audit Committee is to provide assurance to Council..."
12. The Chair of Council outlined Council's view. She advised that regardless of the current or proposed changes to the wording, Audit Committee was performing the duties Council required and would continue to do so. She added the holder of the risks and ultimate decision concerning these lay with Council, Audit Committee did not own the risks, it is an advisory board that uses its collective experience and knowledge to provide sensible and wise advice to Council so that it can fulfil its statutory duties and the Audit Committee is not held accountable apart from providing good advice.
13. Following an in-depth discussion between Audit Committee and the Chair of Council, it was agreed to change the phrase "provide assurance to Council" to "provide advice to Council" and recommend these changes to Council in May 2019.
14. Members added it may be useful to see a short document which sets out the Risk Management Policy/Approach of Council at a later meeting.

Recommended: the Committee recommended the revised changes be passed to Council.

Item 6: Risk Register

15. The Chair of Council briefly outlined her thoughts on the Risk Register. She advised the presentation of risk within the document was currently difficult to engage with and she would like to optimise Council's engagement in this area. Part of the challenge is it is not clear in the Risk Register's current format what actions are being taken and whether risks are really being mitigated.

16. She advised it would be useful for the Audit Committee to think about the presentation of the Risk Register, what is missing, what should come next, and refresh the structure.
17. After discussion, members thought it would be useful to review the form of the Risk Register and alternative ways this information could be presented over the course of the next several meetings. This will be facilitated by the Executive team at the June and October meetings.
18. The Chair of Council left the meeting at the conclusion of this item.

Considered: the Audit Committee considered the updates to the risk register.

Note: The Committee took a short break and in order to accommodate staff attending different agenda items, the Chair decided to re-order the remaining agenda items.

Item 8: Non-financial audit activity 2019-24

19. The Director of Registration and Resources introduced the report, advising the five-year plan was flexible and not set in stone.
20. He provided an update surrounding the implementation of the new IT environment and advised the IT Manager was available to answer questions. Members were pleased the IT project has been completed and asked if business opportunities had been maximised moving to the new system.
21. The Director of Registration and Resources responded, advising the online method of storing documents has been well received and the move to a new system does not seem to have caused any problems or developed reduced business capacity from a Registration perspective.
22. A question was raised around encryption. Emails are not encrypted but members were reassured that GOsC data was encrypted within the cloud system.
23. Members were pleased that all staff had completed a cyber security course.
24. After discussion, members thought it might be useful to explore bringing forward a registration audit and pushing back the HR audit in the second year of the plan.

Discussed: the Committee discussed the non-financial audit activity 2019-24.

Item 10: Monitoring report

25. The Director of Registration and Resources introduced the report which set out notifications of serious events (including fraud), data breaches and corporate complaints.
26. The Director of Education, Standards and Development and the Director of Regulation were both in attendance to answer questions as the content of the report touched upon all areas of the business.
27. The following areas were highlighted during the detailed discussion:
 - a. The admission process for osteopathic educational institutions (OEIs) and the robustness of these processes. It was noted most OEIs used the UCAS process which can identify fraudulent qualifications.
 - b. The responsibility of admissions onto an OEI course. The Director of Education outlined the responsibility sits with each OEI to admit people correctly. The GOsC provides guidance documents and tools to assist the OEIs in forming the admissions process but as independent bodies, the OEIs hold responsibility for creating a robust admissions process.
 - c. Putting into place primary source verification (PSV) that the OEIs can use. This would be an independent organisation that would be able to review qualifications and provide confirmation as to whether that qualification is genuine. It was noted that the GOsC has no legal powers to mandate PSV.
 - d. Quality assurance reviews have taken place at the institution in question to address the concerns and admissions was included as part of the accelerated review.
 - e. Members asked if the OEI has been asked to re-check the entry qualifications of its current students following this incident. The Director of Education advised the OEI has been asked to double check and no concerns have been identified at this time.
 - f. It was noted that the situation had arisen from the failures at the point of admission onto the OEI course, rather than a failure of GOsC registration processes at the point of admission onto the statutory register. The GOsC does not “look behind” the award of an RQ, i.e. check that the student was properly admitted onto the RQ course and has a quality assurance role on the delivery of the RQ against the Osteopathic Practice Standards (OPS).

- g. Members were advised the Policy Advisory Committee (PAC) regularly review the quality assurance processes which will also reflect the specific issues surrounding this current case. Detailed discussion of the specific issues took place at the PAC meeting in March 2019.

At this point in the discussion, the Committee turned to the IT data breach.

- h. Members sought assurance that all staff had now completed the cyber security training course which was confirmed.
 - i. Members were informed several steps and recommendations to enhance IT security have been prepared which includes the implementation of multi-factor authentication following the move to the new IT system (in the final stages of testing), additional system alerts and increasing cyber security insurance.
 - j. Members were informed that the level of awareness about cyber security across the organisation had been raised following this incident.
 - k. Members concluded the Executive has taken appropriate steps to mitigate the circumstances of the IT breach and that staff should continue to be aware of the risks of phishing emails.
28. Members noted the corporate complaints that had been received since the last meeting.
29. The Director of Education and the IT Manager left the meeting at the conclusion of this item.

Discussed: the Committee discussed the monitoring report.

Item 7: Audit Committee performance evaluation structure

30. The Chief Executive outlined the item, advising this was the work of the Registration and Resources Officer.
31. He outlined the Executive did not intend to circulate this paper to the Committee in the future. Instead it would continue using the questionnaire to gain feedback on Audit Committee's performance each year with regular internal checks carried out to ensure the right questions are being asked to ensure good qualitative feedback is received. He advised the structure of the performance evaluation would next be reviewed by the Committee once the current Corporate Plan has ended.
32. Members were happy with the approach that was outlined.

Considered: the Committee considered the performance evaluation structure.

Item 9: PSA Performance Review 2017-2018

33. The Director of Registration and Resources briefly outlined the paper before passing over to the Director of Regulation.
34. The Director of Regulation advised the PSA decided to undertake a targeted review of fitness to practise where they raised in excess of 148 questions that members of Regulation had to provide a full response.
35. The project started around February 2018 when the PSA completed their initial audit remotely, in May 2018 they responded with their initial comments and the additional 148 questions. A full response was provided around July/August 2018. The PSA responded with a second set of questions and a full response was given in September/October 2018.
36. It was noted that whilst some concerns were raised about the way GOsC had dealt with a concentrated complaints campaign around advertising, the PSA saw the GOsC's point of view. It is unlikely the same circumstances will occur again, and this has been entered onto Regulation's forward work plan.
37. It was further noted that the GOsC had once again complied with all PSA standards.
38. The Director of Regulation left the meeting at the conclusion of this item.

Noted: the Committee noted the PSA performance review.

Item 11: Forward work plan

39. The Director of Registration and Resources introduced the forward work plan of the Committee and asked members to consider the content.
40. Members agreed to cancel the terms of reference review scheduled for October 2019 as this was no longer necessary.

Noted: the Committee noted the forward work plan.

Item 12: Date of next meeting

41. The date of the next meeting will be 10:00am Thursday 27 June 2019.

Item 13: Any other business

42. The Chair of Audit Committee noted that this would be Martin Owen's last meeting as its external member. He thanked Martin for the work he had done over the last four years.



Audit Committee internal checklist – following its meeting in March 2019

Outstanding actions from March 2019	Action addressed
Outcome of external financial audit FY2018-2019	June 2019 agenda item to be confirmed