



## **Audit Committee**

Minutes of the 32<sup>nd</sup> meeting of the Audit Committee held on  
Thursday 30 June 2016

*Unconfirmed*

Chair: Chris Shapcott

Present: Jorge Esteves  
Martin Owen  
Denis Shaughnessy

In Attendance: Jenny Brown, Auditor and Engagement Lead, Grant Thornton (Items 1-6)  
Fiona Browne, Head of Professional Standards (Item 8)  
Ben Chambers, Registration and Resources Administrator  
Matthew Redford, Head of Registration and Resources  
Deborah Smith, Council Member (observer)  
Tim Walker, Chief Executive and Registrar

### **Item 1: Welcome and apologies**

1. The Chair welcomed all participants to the meeting, formally welcoming Jorge Esteves and Denis Shaughnessy as new Audit Committee members.
2. There were no apologies.

### **Items 2 and 3: Minutes and notes of the previous meetings and matters arising**

3. The minutes for the meeting of 25 November 2015 were agreed as a correct record.
4. The notes for the meeting of 23 March 2016 were agreed as a correct record.

### **Matters arising**

5. The Chair noted that his daughter was pursuing a career in audit and is currently training with one of the major accounting firms. He wanted to put this on record should the GOC go to tender in the future as it could potentially be perceived as an issue.

6. The Head of Registration and Resources highlighted paragraph five in the November 2015 minutes where it was noted that wording needed to be changed in the Annual report and Accounts, from 'provide assurance' to 'provide oversight'. The Chief Executive commented that the amendments have been incorporated into the papers for the July 2016 Council meeting.

#### **Item 4: Audit findings report and draft Annual report and Accounts**

7. It was noted that the Audit Committee had held an 'in-camera' session with the auditor.
8. The Head of Registration and Resources introduced the Audit findings report, noting the audit was clean, before passing over to the auditor.
9. The following areas were highlighted:
  - a. There were no major concerns/issues found during the course of the audit, only some minor control points.
  - b. The split in value between land and buildings has been discussed at length and going forward the depreciation will be applied to the building only.
  - c. The asset investment in hindsight should have had a deferred tax position; however it would not have been material to the accounts and was therefore not a significant issue.
  - d. The auditor advised that previous control points which had been raised have been acted on, adding that segregation of duties was continuing, and more importantly it was moving at the right pace.
  - e. Members had questions about annual registration fees paid in full of those who left the register part-way through the registration year. The Head of Registration and Resources advised that if a registrant left part-way through the year, a proportion of the registration fee would be refunded to them.
  - f. Members asked how they can assure themselves that auditor action points are acted upon. The Chief Executive answered, advising that management had always acted on audit action points and added it might be useful to provide the Committee with sight of the audit action points prior to the audit findings.
  - g. The Chair advised that Audit Committee were prepared to recommend the audit findings to Council.

10. There was a brief discussion around the draft annual report which included:
  - a. Members queried the reduction in costs of fitness to practice cases. The Chief Executive responded that this was partly due to more staffing in house, meaning less needed to be outsourced, in addition to keeping expenses as low as possible.
  - b. Members noted the level of registration fee. The Head of Registration and Resources advised the registration fee was last cut in 2014.
  - c. Members commented on the movement of fair value on the investment, querying whether management were happy with the performance. The Head of Registration and Resources responded, advising that after five years a review of the investment strategy would take place at Council.
  - d. Members also outlined some minor typographical errors and suggestions for rewording.

**Recommended:** the Committee considered the Audit findings report and draft Annual report and Accounts and recommended them to Council.

#### **Item 5: Statement of financial controls**

11. The Head of Registration and Resources introduced the report which set out the statement of internal financial controls.
12. Members asked if there have been any incidents of non-compliance with these controls. The Head of Registration and Resources answered, there was an incident that occurred in 2014 when a long-term staff member retired and a new individual, who is no longer at the GOsC, joined the team and a control was breached. He added with the current team and current arrangements, he is confident the controls were being followed.
13. Members thought it may be useful to highlight any future changes to these controls for ease of reference. They added that there were a lot of controls which was good and the controls in place seem reasonable.
14. The auditor commented that whilst during the course of the audit, not all controls are tested, the organisation is well controlled and any recommendations made are implemented quite quickly. The Head of Registration and Resources added that the controls in place feel proportionate to the number of staff members in the team and members agreed that excessive controls would be detrimental, not useful.

**Noted:** the Committee considered the statement of financial controls.

**Item 6: Auditor evaluation**

15. The Head of Registration and Resources introduced the report which outlined the auditor evaluation framework.
16. Members were asked to consider the report and were content with the evaluation framework laid out.
17. At the conclusion of this item, the auditor left the meeting.

**Noted:** the Committee noted the auditor evaluation framework.

**Item 7: Audit Committee Annual report 2015-16**

18. The Head of Registration and Resources introduced the Audit Committee Annual report which is presented to Council. It was noted that the Chair of Audit Committee had reviewed the report prior to the meeting and would be attending Council in person to deliver the report.
19. The Chair commented that the brief of Audit Committee in the terms of reference is to make a report to Council on the work of the Committee and to give an overall opinion on the management of risk. The Chair added that he and Martin Owen attended the Council risk seminar held in February. They both put forth the view that the substantive management and content of the risks is the responsibility of Council.
20. Members believed Audit Committee have encouraged enhanced disclosure and increased transparency in the Annual Report and Accounts, in particularly around land & buildings and investments. The Chief Executive advised that the wording of the annual report could be amended to include this.

**Agreed:** the Committee agreed the Audit Committee Annual report.

**Item 8: Updated Risk Register**

21. The Chief Executive introduced the paper, outlining the updated Risk Register. The Head of Professional Standards joined the meeting for this item.
22. He advised that one key risk has been added that is not within the Business Plan, concerning the proposed redevelopment of the building behind Osteopathy House which has the potential to disrupt the business of the GOsC. He commented there have not been any changes to the business plan risk assessment and added another new risk had been added which was the new CPD scheme.

23. Members asked what the role of Professional Standards was, which the Head of Professional Standards responded, advising members that Professional Standards look after undergraduate education, quality assurance, standards and CPD, making sure osteopaths still meet the standards and practise accordingly within the standards.
24. She added that the big key risk at the moment was the availability of resources to deliver the proposed CPD scheme. The outcome of the project is to support safe patient care, any enhancement to the quality of care and to support the development of learning communities within osteopathy. She noted the risks to that are difficult to predict as they do not just involve GOsC but also our partner organisations as well.
25. Members and the Executive discussed the proposed changes of regulation by the Department of Health, commenting this may now be delayed due to Britain's decision to leave the EU. It was noted that the EU referendum was not on the risk register and in discussion it was agreed that it should not have been entered onto the risk register.
26. At the end of this item, the Head of Professional Standards left the meeting.

**Noted:** the Committee noted the updated risk register.

**Item 9: Internal audit report 2015-16 – *Performance against customer service standards***

27. The Head of Registration and Resources introduced the report which outlined the results of the internal audit report which focused on the GOsC's performance against customer service standards.
28. Members were pleased with the report and commented that it might be useful to include a statement of who undertook the work and their position within the organisation.

**Noted:** the Committee noted the internal audit report.

**Item 10: Internal audit plan 2016-19**

29. The Head of Registration and Resources introduced the report which outlines the internal audit plan for 2016-19, noting that the audit plan would be reviewed annually by the Committee.
30. He added that the proposed internal audit plan complements the business plan.

31. Members thought that IT security should be broadened to encompass information security as a whole. The Chief Executive added that GOsC could group the planned business continuity and IT security audit together, as IT is such a key area of business continuity, and have a separate audit for general information security.
32. Members commented that they were more concerned with the security of personal information and it was agreed that the audits for business continuity/IT security and for information security would be brought forward to 2016-17 to reflect the higher level of risk.
33. Members queried if there was a robust system in place in the case of key staff members absence from the office or departure from the organisation. The Chief Executive responded and advised that management has a good system in place for these events and staff members have an overlay of knowledge which is also documented, citing the Registration and Resources Manual and the Fitness to Practice Manual.

**Noted:** the Committee noted the internal audit plan 2016-19.

### **Item 11: Whistleblowing**

34. The Chief Executive introduced the report which set out the GOsC whistleblowing policy.
35. He added that the policy was currently hypothetical as there has never been a whistleblowing incident.
36. Members had comments and suggestions surrounding the wording of 'complete confidentiality' and 'anonymity' which the Chief Executive said he would take away and reflect upon. They also asked if staff were able to make whistleblowing disclosures to any organisation outside the GOsC, the Chief Executive advised that GOsC could list the organisations that staff could contact for advice if they had concerns with the policy.

**Noted:** the Committee noted the whistleblowing policy.

### **Item 12: 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 commented on the data breaches and asked if there was a root cause. The Chief Executive responded that complete openness and reporting of data breaches was encouraged and the number of data breaches was reasonably low.

He added there was not a root cause and that there wasn't a certain department or individual that continually caused data breaches.

39. He added that the sending of confidential fitness to practice documents was moving away from email attachments and towards a secure download system. In the interim the password protection of documents is generated by a computer programme, increasing the robustness of the current process.

**Noted:** the Committee noted the monitoring report.

### **Item 13: Forward work plan**

40. The Registration and Resources Administrator introduced the forward work plan of the Committee and asked members to consider the content.
41. Members noted that it would be good to see the Policy Register, which contains a list of key controls within the organisation, at a future meeting.

**Noted:** the Committee considered the forward work plan.

### **Item 14: Any other Business**

42. None.

### **Item 15: Date of next meeting**

43. The date of the next meeting will be Thursday 24 November 2016 at 14.00 p.m.