Audit Committee

Minutes of the 39th meeting of the Audit Committee held on
Thursday 25 October 2018

Unconfirmed

Chair: Chris Shapcott

Present: Martin Owen (via Skype)
                       Haidar Ramadan (via Skype)
                       Denis Shaughnessy

In Attendance: Ben Chambers, Registration and Resources Officer
                       Carl Pattenden, IT Manager (via Skype)
                       Matthew Redford, Director of Registration and Resources
                       Tim Walker, Chief Executive and Registrar
                       Elizabeth Elander, GOsC Council Member (observer)

Item 1: Welcome and apologies

1. The Chair welcomed all participants to the meeting.

Item 2: Minutes and matters arising from the meeting of 28 June 2018

2. The minutes of the meeting of 28 June 2018 were agreed as a correct record.

3. The Registration and Resources Officer outlined a couple of matters arising from the previous meeting. He advised the Annual Report and Accounts had been approved by Council and had been laid before both Houses of Parliament.

4. He added Council had agreed with the committee's recommendation and agreed to re-appoint Crowe for a further three years as external financial auditors. Lastly the Audit Committee Annual Report had been presented by Chris Shapcott at the July Council meeting and had been accepted.

5. The Chair of Audit Committee noted this would be the last meeting of Audit Committee the current Chief Executive would attend. He thanked the Chief Executive for the work he had done on behalf of the Committee.

Item 3: Terms of reference review

6. The Director of Registration and Resources introduced the terms of reference review. He thanked Martin Owen for signposting the Executive to available resources. He noted that the resources provided pertained to much larger organisations than the GOsC, adding that some of the resources around external audit were larger than the GOsC's Audit Committee terms of reference as a whole, and so the terms of reference needed to be proportionate to the size of the GOsC.

7. He advised possible actions to enhance the terms of reference were outlined in the paper and added that if Audit Committee did wish to make any changes to the terms of reference, these would go to the Chair of Council for review and would need to be agreed at a Council meeting.

8. A lengthy discussion took place around the terms of reference, including the preamble and the individual terms of reference themselves. The Chief Executive advised that it was the view of the Chair of Council that the Audit Committee's role was to provide assurance to Council that the necessary systems and processes are in place and that this view was unlikely to change.

9. The final consensus of members was that some changes should be made to the terms of reference but that substantial changes were not necessary. Wording should be used that addresses any ambiguity that seemed to be in place, particularly around the preamble and the nature of the assurance that could be provided by the Committee, and this wording should be agreeable to members as well as the Executive and ultimately with the Chair of Council.

10. At the end of the discussion the Executive advised it would come back to the Committee at its next meeting with some draft wording for the terms of reference.

Agreed: the Committee agreed to discuss the terms of reference further at its next meeting.

Item 4: Updated Risk Register

11. The Chief Executive introduced the Updated Risk Register.

12. The following areas were highlighted during the discussion:

    a. The Chief Executive updated members on the current key risks and the changes to the key risks.

    b. He advised that the risks surrounding the new CPD scheme were being monitored and scrutinised by the Policy Advisory Committee and Council.

c. He outlined the IT/business continuity risk and advised members this should be mitigated by a telephony update which was planned once the hybrid cloud project had been completed.

d. A short discussion took place surrounding the regulatory reform risk and the Department of Health's current goal of introducing reform via Section 60 orders by the end of autumn next year. The Chief Executive advised this would seem ambitious but if the Department of Health does decide to proceed, the issue would be the amount of work that would be delegated to the regulators to adopt/draft their own procedures that fit with those new powers. He advised this would include lots of policy development, drafting, consultation and governance time.

e. Members asked which of the amber key risks was concerning the Chief Executive most. He responded by advising that none was considered to be higher than the others and recognised that a number of these risks were fairly constant. He suggested that in order for any of the key risks to be rated red, it should both affect the business as a whole and be highly likely to occur. He advised it was rare to elevate risks to this level. He noted that some risks do change or fall away, citing the advertising complaint risk that was present for a number of years. He also advised there were good systems in place for delivery of projects and the organisation possessed good operational processes.

f. It was noted the PSA review had advised all standards of good regulation had been met and their report would likely be tabled at a future meeting.

g. Members asked how senior management discussed the current key risks. The Chief Executive advised when the risk register discussion takes place, each risk is discussed to see if it had increased or decreased during that period of work.

h. Members asked if the Executive were comfortable with the amber risks on the assurance map. The Chief Executive advised he was happy with its status at the moment, advising the risks had been classed as amber where no external audit work had taken place.

i. The Chief Executive advised when the new Chief Executive took up their role next year, they may bring their own thoughts and views to the Risk Register.

j. Members advised they found the Chief Executive's explanation around the key risks very useful and gave a lot more colour and clarity than the report provides at first glance. The challenge is to improve the paper to include this detail as this clarity does not seem to come across in paper form. The Chief Executive advised this was a fair comment.

Noted: the Committee noted the updated Risk Register.

Item 5: Corporate Strategy Development

13. The Chief Executive introduced the corporate strategy development.

14. He noted that the majority of the report was for Audit Committee's information. He added the thinking behind the approach to the new Strategy reflected that there would be a new Chief Executive in 2019 and a new Chair of Council in 2020.

15. He outlined the new Strategy will cover a longer period, provide flexibility by being based on a vision and a number of high level principles and have less detail on precise programmes of work, which should sit within annual Business Plans.

16. Members questioned where Council had discretion with its Corporate Strategy. The Chief Executive responded that many of the aspects of the Corporate Strategy were explicitly stated in the Osteopaths Act. He added there were some areas that were not explicit in the Act but were felt to be beneficial to the integrity of the profession and cited section 32 (protection of title) private prosecutions as an example.

17. Members asked whether the charitable status of the organisation would affect what Council could do. The Chief Executive advised he did not believe this would have any effect.

Noted: the Committee noted the approach to corporate strategy development.

Item 6: Internal audit

18. The Director of Registration and Resources introduced the report with input from the IT Manager around the IT update. It was proposed to take the paper in three parts, splitting the GDPR update, IT project update and forward looking internal audit options

19. The following areas were highlighted during the discussion:

   a. Members queried the outstanding actions for GDPR and asked when these would be completed. The Chief Executive responded to advise the majority of those outstanding actions should be completed by the end of the year.

   b. Members asked if there were restrictions on access to data for staff within the organisation so that they only saw the data that they needed to see. The Chief Executive advised restrictions were in place as only certain staff could view certain files and certain information on the database and internal directory.

c. Members were pleased with the IT project update and thought these were a good and helpful set of landscape documents. They asked whether there was enough time put aside to train staff. The IT Manager responded to advise some parts of the new system would bring big changes for staff whilst other areas would see little to no change so he thought enough time had been set aside for training.

d. Members asked how the Executive would know if the new IT system was adding value once it goes live. The Director of Registration and Resources responded to advise this could be checked with staff and that the IT Manager was keeping a log of current reporting issues. Members said it would be useful to receive an update at its next meeting on the IT project implementation and security penetration testing.

e. Members asked whether Microsoft would have access to the data following the merge. The IT Manager advised they would not have access unless GOsC gave them permission.

f. When introducing forward thinking for internal audit, the Director of Registration and Resources said the idea was to provoke thought between members for future internal audit work. Members agreed that money should not be spent on external audit work unless absolutely necessary.

g. The Chief Executive advised it might be useful if members were exposed to how GOsC would seek assurance from osteopaths about compliance with the new three year CPD scheme, perhaps as a presentation, at the March 2019 meeting.

h. Additionally the Chief Executive added that he thought it would be beneficial if Audit Committee were more sighted on fitness to practise work and audit activity that the Director of Fitness to Practise wished to undertake. This would be factored into future work plans.

i. Members considered the topics they felt would benefit from internal audit during the next cycle and were keen for the following topics to be included; IT security, business continuity relating to the IT project, CPD presentation and a human resources audit.

20. At the end of the discussion, it was noted that members would receive an update on the success of the migration to the new IT system and independent security penetration testing results at its next meeting. Additionally a paper on further scoping of the future internal audit topics would be presented at the next meeting.

Noted: the Audit Committee noted the internal audit and IT update.

Item 7: Performance measurement report

21. The Chief Executive outlined the performance measurement report.

22. A brief discussion took place about measures of success, efficiency and the registration fee. The Chief Executive noted changes to the registration fee require the approval of the Privy Council and Department of Health. The GOsC's strategy since going through a period of significant consolidation (from 2011-13) has been to strive to maintain the level of fees based on the number of registrants and to do as much as possible with the funds received. Efficiency savings are made each year across all activities in order to maintain what we are doing and to expand into new areas.

23. Members asked if the Chief Executive was happy with the partially upheld appeal. He responded that it seemed a peculiar decision by the High Court but the guidance provided by external Counsel was not to appeal the decision to the Court of Appeal.

Noted: the Committee noted the performance measurement report.

Item 8: Monitoring report

24. The Registration and Resources Officer introduced the report which set out notifications of fraud, critical incidents, data breaches and corporate complaints. He advised he would outline the work around critical incidents last.

25. He outlined there had been one data breach and one corporate complaint to report, details of which were included within the paper. He noted the ICO had responded to the data breach reported to the Committee in June 2018 to advise no further action would be taken by them.

26. He outlined the work that had been undertaken to develop the serious events assessment framework and the mechanism that would be used to log and categorise future critical incidents.

27. Members thought this had been a good piece of work to undertake and suggested some changes to the wording within the assessment framework. They advised the Executive to think about how the log would be designed and the future analysis that might be asked for. They added a de minimus limit should be set on what is classed as an 'adverse' event.

Noted: the Committee noted the monitoring report.

Item 9: 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 this would be updated with the items discussed during this meeting and updates that would be included within future meeting agendas.

Noted: the Committee noted the forward work plan.

Item 10: Any other Business

30. Members thanked the Chief Executive again for the work he had undertaken on behalf of the Committee. The Chief Executive thanked the Committee in turn, advising he had found member's reflection and willingness to challenge very useful and beneficial to the work of the organisation.

Item 11: Date of next meeting

31. The date of the next meeting will be 14:00pm Thursday 21 March 2019.