



## **Audit Committee**

Minutes of the 47<sup>th</sup> meeting of the Audit Committee held on  
Thursday 21 October 2021

Chair: Chris Shapcott

Present: Graham Masters  
Deborah Smith

In Attendance: Ben Chambers, Senior Registration Officer  
Dr Bill Gunnyeon, Chair of Council (observer)  
Sheleen McCormack, Director of Fitness to Practise (Item 6)  
Carl Pattenden, IT Manager (Items 1-4)  
Matthew Redford, Chief Executive and Registrar  
Maxine Supersaud, Head of Resources and Assurance

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

1. Apologies were received from Dr Denis Shaughnessy.

### **Item 2: Minutes from the meeting of 24 June 2021**

2. The minutes of the meeting of 24 June 2021 were agreed as a correct record.
3. The Chair of Audit Committee reported that he attended Council following the June meeting of Audit Committee where the Audit Committee Annual Report, the Audit Findings Report and the draft Annual Report and Accounts were presented and approved.
4. The Chief Executive and Registrar answered a question relating to the ongoing employment case with the NMC and fitness to practise panel members. He advised that until the case was concluded, there is no immediate action for the GOsC to take and no further insight has been received from the NMC since the last meeting.
5. Members asked if the office had reopened. The Chief Executive and Registrar advised that the office had been re-opened and that the Remuneration and Appointments Committee had discussed this at their meeting earlier the same day. He added that as the Executive had now moved to a hybrid working system, it was important to make sure team collaboration was not lost during the transition. It was noted that reasonable adjustments had been made for staff working at home.

### **Item 3: Matters arising report**

6. The Senior Registration Officer introduced the report, noting any outstanding actions from the prior meeting were to be included within this report. It was noted any items not listed as 'completed' on the matters arising report would remain and be carried forward to the next meeting.
7. Members were happy with the commitment made to review the case for introducing corporate email addresses but highlighted this should not be lost due to the risk to data security. The Chief Executive and Registrar agreed and advised that Executive would come back to the Committee in March 2022 as was outlined in the paper.
8. Members noted that an item should be added to the matters arising report for its next meeting, relating to the financial qualification for risk impact.

**Noted:** the Committee noted the matters arising report.

### **Item 4: Risk Register**

9. The Committee considered the report without introduction and the following items were discussed:
  - a. Members noted three risks were still listed with a red rating post mitigation and questioned whether this was correct. The Chief Executive and Registrar responded to advise he understood the point being made. The first two risks (relating to legislation changes and regulatory review) are outside of the GOsC's control so it is unsure what other mitigations can be put in place but this does have the potential to have a high impact on the organization. The third risk (relating to the OEIs) includes challenges across the sector at the moment which could challenge the robustness of these institutions, something else beyond the control of the GOsC. He noted that the GOsC has been in touch with the OEIs to encourage greater collaborative thinking.
  - b. The Chair of Council made a couple of observations related to the discussion on these three risks. He agreed with the Chief Executive and Registrar that the GOsC has little control over the first risk but added that if the GOsC's legislation is not updated, the organisation will be in the same place it is in today, so it may not necessarily be a red-rated risk at this time. With regard to the second risk, he thought the GOsC could not do anything more than what it has already done. For the third risk, he added there was a risk of losing OEIs but that there was a lot of work being done by the GOsC and also the Institute of Osteopathy (IO) to mitigate this.
  - c. On the third risk, pressure upon the osteopathic education sector, members questioned how much of a risk this was to the GOsC as an organisation. It was

accepted this was a risk for the OEIs individually but members were not convinced this was a risk for the GOsC as a business. The Chief Executive and Registrar advised there was a risk for the GOsC in terms of a declining education sector could lead to a lower number of individuals joining the profession which could be a challenge for the longevity and sustainability of the profession. He added that hopefully some of the work the GOsC is, and will continue to do with the OEIs, will assist; however it was recognised that the GOsC could not promote the profession to encourage a greater intake of students or increased education provision. He said the point would be taken away to make sure this is reflected accurately in the risk register.

- d. A general question was raised over the legislative reforms risk and whether the Executive thought there would be individual legislative changes for each regulator or overarching legislative changes for all regulators supported by section 60 amendments. The Chief Executive and Registrar advised that the Department of Health and Social Care will be introducing legislative changes for each regulator, beginning with the largest regulators first such as the General Medical Council. The timetable for all other regulators is not known.
- e. As part of the discussion, it was noted that the scoring of many risks remained the same and whether that was a healthy risk register if it remained static. The Chief Executive and Registrar advised this was an interesting question. Due to the nature of the organisation as a healthcare regulator, some risks would not change that frequently. Members added this could be linked to risk appetite. It was suggested that at the meeting in March 2022, members reflect on risk tolerance/appetite and have a further discussion at this stage. Members were happy with this but noted that the discussion on risk tolerance/appetite would need to start with Council. Council will next receive the risk register in February 2022. The Chair of Council agreed but added that the review of the risk register and the introduction of a discussion on risk tolerance/appetite would need to be separated to avoid confusion.
- f. There was a brief question from members relating to the Court of Appeal case that was held on 14<sup>th</sup> October 2021. The Chief Executive and Registrar advised this had been occurred and judgement of the case should be handed down within the next three months.
- g. The conversation moved to IT security and ransomware which primarily took place between Committee members and the IT Manager.
- h. The IT Manager provided members with a detailed outline of the IT systems in place, the security of these systems such as multi-factor authentication and antivirus software used, the backups and mechanisms in place and the IT security training staff members have received. He advised there was an IT action

plan in place if a situation such as ransomware arose. He added he is in the process of undertaking an IT security review and is looking to have implemented a third-party IT security system by the end of this calendar year.

- i. He finished by saying that he had begun the process of researching penetration testing and was still working on finding a secure online platform for the access of Council and Committee papers.
- j. Members commented that as penetration testing was not completed yet and the third-party IT security system was also not yet in place, that these should be added to the risk register. The Chief Executive advised this would be considered when the risk register was next reviewed.
- k. It was noted that if the IT Manager was away or indefinitely unavailable, would there be sufficient mechanisms in place so that business could carry on as usual. The IT Manager advised this raised a valid point which was why he was looking into the third-party IT security system as for organisations of the size of GOsC, typically there are minimal IT staff internally and the organisation is required to use third-party providers. He added that the way the IT systems have been structured means, if he was unavailable for a significant period of time, that the Executive should be able to bring in any appropriately trained IT professional who would be able to pick up the IT systems within a few days.
- l. A question was raised about budgets. The Chief Executive and Registrar advised that developing a dedicated IT security budget was something that had been discussed pre-pandemic before the focus appropriately shifted. He added the budget cycle for 2022-23 was about to commence and that some of the points raised today around IT security would be considered through that process.
- m. Summing up, the Chair of Audit Committee commented it was encouraging to hear a lot of work and actions were being taken on the IT review and IT security. He added it would be good for a further discussion in March 2022, once the business plan had been agreed by Council in February 2022.
- n. The IT Manager left the meeting at the conclusion of this item.

**Considered:** the Committee considered the risk register.

### **Item 5: External financial audit tender process**

10. The Head of Resources and Assurance introduced the paper.
11. A discussion took place on the advantages and disadvantages of a group tender exercise. Members wanted to note that there should be healthy competition within

the market and that if a group tender exercise took place, it should recommend two potential external financial audit firms for use rather than one.

12. The Executive noted that all auditors referred within the paper have been contacted and have registered their interest for a group or individual tender. The Executive added collaboration is always a positive to show that regulators can work together and that at this stage, it has not made a definitive decision to join the group tender. It added that even if a group tender took place, there would be independent contracts between the chosen external financial auditors and each regulator to ensure each audit would be proportionate to each regulator involved.

**Agreed:** the Committee agreed in principal to recommend to Council the appointment of Crowe as external financial auditors for one year, subject to the agreement of satisfactory terms, and to explore the possibility of a group tender process with fellow regulators for future years.

#### **Item 6: Fitness to Practise assurance audit update**

13. The Director of Fitness to Practise introduced the report.
14. The findings of the report were briefly outlined and the sum of the report was that the Investigating Committee was making decisions within the scope of what they are required to do although there were some concerns about the adequacy of the written decisions made. In terms of action points, the Director of Fitness to Practise advised these would be fed back to Investigating Committee members at their training days.
15. It was noted that Investigating Committee guidance and clarification on risk assessment was being strengthened to reflect the audit.
16. Members thanked the Director of Fitness to Practise, advising this was a very clear paper and a useful piece of work to have undertaken.
17. Members asked to be informed when the Investigating Committee guidance documents had been updated and the training days had taken place.
18. The Director of Fitness to Practise left the meeting at the conclusion of this item.

**Noted:** the Committee noted the Fitness to Practise assurance audit update.

#### **Item 7: PSA Performance Review Report 2020-21**

19. The Chief Executive and Registrar introduced the report, advising this would be an oral update to the Committee.

20. He outlined to the Audit Committee the latest position, which was that the 2020-21 Performance Review Report had not yet been agreed between the GOsC and the PSA and there were ongoing discussions about the content around one section within the report. He was unable to confirm to the Audit Committee when the report would be published.

**Noted:** the Committee noted the oral update.

### **Item 8: Monitoring report**

21. The Chief Executive and Registrar introduced the report which set out notifications of serious events (including fraud), data breaches and corporate complaints.
22. The Chair of Audit Committee noted he had reviewed the gift and hospitality register in the last year and nothing of concern had come to his attention.

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

### **Item 9: Forward work plan**

23. The Chief Executive and Registrar introduced the forward work plan of the Committee and asked members to consider the content.
24. Members noted that it would be useful to try to schedule which members of the Senior Management Team or team managers will be attending in advance for the discussions on the Risk Register.
25. As the Committee was now planning to move to four meetings per year instead of three, members thought it would be useful to think about what items could be discussed. Members suggested revisiting some of the assurance audit work that has taken place previously.

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

### **Item 10: Any other business**

26. None

### **Item 11: Date of next meeting**

27. The date of the next meeting will be 10:00am 24 March 2022.

### Audit Committee forward work plan

Meeting date	Agenda items
March 2022	<ul style="list-style-type: none"> <li>• Principal accounting policies – review</li> <li>• External financial audit planning documentation</li> <li>• Assurance audit update</li> <li>• Statement of internal financial controls</li> <li>• PSA Performance Review report 2020-21</li> </ul> <p>Standing items:</p> <ul style="list-style-type: none"> <li>• Matters arising report</li> <li>• Updated Risk Register</li> <li>• Monitoring report</li> <li>• Forward work plan</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>• Audit Findings Report/draft Annual Report and Accounts</li> <li>• Auditor evaluation</li> <li>• Audit Committee Annual Report to Council</li> <li>• Performance measurement report</li> <li>• Assurance audit update</li> </ul> <p>Standing items:</p> <ul style="list-style-type: none"> <li>• Matters arising report</li> <li>• Updated Risk Register</li> <li>• Monitoring report</li> <li>• Forward work plan</li> </ul>
October 2022	<ul style="list-style-type: none"> <li>• PSA Performance Review report 2021-22</li> <li>• Assurance audit update</li> </ul> <p>Standing items:</p> <ul style="list-style-type: none"> <li>• Matters arising report</li> <li>• Updated Risk Register</li> <li>• Monitoring report</li> <li>• Forward work plan</li> </ul>