

COUNCIL

GOC annual report and financial statements for the year ended 31 March 2019

Meeting: 10 July 2019

Status: for decision

Lead responsibility & paper author: Mark Webster (Director of Resources)

Purpose

1. The purpose of the paper is to present to Council the 2018-19 GOC annual report and financial statements for approval.

Recommendations

2. Council are asked to:
 - **note** and **agree** with the ARC recommendation that when taken as a whole, the annual report for the year ended 31 March 2019 is fair, balanced and understandable and provides the necessary information to assess performance during 2018-19;
 - **consider** and **approve** the annual report and financial statements for the year ended 31 March 2019 (**annex three**);
 - **delegate authority** to the Chair to finalise the report taking into account comments made by Council, before submission to the Privy Council;
 - **note** the GOC Senior Management Letter of Representation (**annex one**); and
 - **delegate authority** to the Chair to sign the Letter of Representation at (**annex two**).

Strategic Objective

3. We produce an annual report in compliance with Section 32A(2) of the Opticians Act 1989 (as amended), which requires us to include information in our Annual Report regarding the arrangements to ensure adherence to good practice regarding equality and diversity and to publish a FTP annual report. As a charity registered with the Charity Commission, we must comply with the Charities Act 2011 and other relevant charities legislation, and the provisions of our constitution as a charity.
4. The production of an annual report is part of the 2019-20 Business Plan, specifically, managing the production of our annual report to openly and transparently account for our performance.
5. The decision to approve the annual report rests with Council.

Risks

6. There is a risk that the Annual Report does not comply with relevant statutory/legal obligations. To ensure this risk remains low, we have ensured the 2018-19 annual report complies all SORP requirements and reflects good practice expectations in annual reporting. As part of their review, haysmacintyre, as the GOC's external auditors, will provide assurance to the GOC on SORP compliance issues.

Background

7. In accordance with our legislation, our annual report and financial statements ("the annual report") are laid before Parliament. The Privy Council formally lay the report on behalf of the GOC.
8. Council is presented with the annual report in public session, which is in line with good practice. However, the report is not to be made public as part of the papers for the meeting due to parliamentary requirements not to put the report into the public domain before it has been formally considered by Parliament.
9. As in previous years, we have included a number of best practice requirements as stated in the UK Corporate Governance Code, such as an explanation of the work of Council's committees, attendance of Council members, the independence of the external auditors and the role of the Senior Council Member.
10. In preparing the Trustees Report we have also complied with the duty in section four of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities we undertake.

The role of the ARC in the production of the annual report

11. The ARC is required to *'advise Council on the accounts/financial statements and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, the level of error identified, accounting policies and managements letter of representation to the external auditors and advise whether the financial statements are fair, balanced and understandable to assess performance.'*
12. ARC considered and approved the draft annual report and financial statements at its meeting on 28 June 2019.
13. The Executive has produced a management letter (annex one) (as per previous years) to provide assurance to council that the representations stated in their Letter of Representation to the auditors (annex two) have been made on the basis of sufficient enquiry and inspection of supporting documentation.

The role of the Remuneration committee (RemCo) in the annual report

14. RemCo are required to '*review and approve the relevant sections of the annual report in relation to Council member's remuneration and expenses ensuring that they meet best practice requirements*'.
15. RemCo fulfilled this remit by email in May 2019. The Committee approved the relevant sections of the annual report relating to Council members' remuneration and expenses ensuring they met best practice requirements.

Analysis

16. Set out below are details of the report broken down into the three constituent sections.

Section 1: Trustees' report ("How we deliver public benefit")

17. The Trustees' Report is a review of the significant activities carried out and delivery against our business plan for 2018-19. It includes an assessment of our performance and explanation of key priorities. It has been structured to address each of the key strategic objectives and to show achievements, performance and plans for the future. It also includes details of our structure, governance and management and a statement of trustees' responsibilities as required by SORP.
18. In line with section 32A(1) of the Opticians Act we have included information regarding the arrangements put in place to ensure Council adheres to good practice regarding equality and diversity. It includes how many corporate complaints and freedom of information requests we have received in line with transparency requirements.
19. The administration section is SORP compliant, as it includes the registered name of the charity, the registration number, the address of the registered office, the names of the trustees on the date that the report was approved, the names of the trustees who served during the year (and new trustees), the name of the Chief Executive and Registrar and any other senior staff to whom day to day management/responsibility is delegated as well as the names and addresses of any other relevant organisations, such as bankers and auditors.

Section 2: Fitness to Practise annual report

20. The section covers complaints received by the GOC in relation to the Fitness to Practise of registrants between 1 April 2017 and 31 March 2018. It includes detail of the possible outcomes of an FTP hearing, and the work of the Registration Appeals Committee and section 29 referrals.

Section 3: Financial review

21. The Financial Review includes the independent auditors' report, the statement of financial activities, the balance sheet, cash flow statement and notes to the financial statements and is fully SORP compliant.

Letters of Representation

22. The Letter of Representation from Haysmacintyre (the external auditors) is attached at **annex two**. This letter needs to be signed on behalf of Council and will be sent to the external auditors with the signed annual report, before being submitted to Privy Council.
23. The GOC Senior Management have submitted a Letter of Representation to Council to provide assurance that the representations stated in annex two have been made on the basis of sufficient enquiry and inspection of supporting documentation. The GOC Senior Management Letter of Representation can be found at **annex one**.

Impacts

24. The production of the annual report (including the external auditors' fee) is included in the 2019-20 budget. There is no impact on reserves for this area of work. We have utilised existing resources to produce the draft annual report.
25. We are required to publish information in our annual report on how the Council has ensured good practice regarding equality and diversity. We will publish the final annual report on our website and in Welsh once approved by Parliament. We provide a copy to the Welsh Assembly for their information.

Devolved Nations

26. There are no implications in relation to the annual report and the devolved nations.

Communications

27. Once Council has approved the annual report, it will be returned to the external auditors (along with the Letter of Representation) for signing, before being sent to Privy Council, who will oversee the parliamentary approval process. We currently expect this to be in October 2018.
28. Once Parliamentary approval has been obtained we will issue a press release to our registrants and stakeholders and publish the annual report on our website.
29. We will be printing a limited supply of hard copies as per previous years.

Timeline for future work

30. A timetable for future work on the annual report is set out below:

Stage	Timeline
Signatures by Chair / haysmacintyre	10 July 2019
Agency design / Welsh translation	September 2019

Laying of annual report and accounts	October 2019
Annual return	October 2019

31. We will submit the report to the Charity Commission once Parliamentary approval has been received.
32. Consistent with our approach in previous years, and in accordance with the advice received previously from the Privy Council, we will not publish the annual report on our website in advance of it being laid before Parliament.

Attachments

Annex 1: Letter of Representation from the GOC Senior Management Team to Council

Annex 2: Letter of Representation from Council to the external auditors

Annex 3: Annual Report and Financial Statements and annual Fitness to Practise report for the year ended 31 March 2019 (**not published**)



General Optical Council
Level 1,
10 Old Bailey
London
EC4M 7NG

2 July 2019

Dear Sirs,

During the audit of our financial statements by haysmacintyre for the year ended 31 March 2019, the following representations were made to them by management on behalf of the General Optical Council.

- 1 We have fulfilled our responsibilities as the executive under the Charities Act 2011 for preparing financial statements, in accordance with UK Generally Accepted Accounting Practice (UK GAAP) that give a true and fair view and for making accurate representations to you.
- 2 We confirm that all accounting records have been made available to haysmacintyre, for the purpose of the audit, in accordance with their terms of engagement and that all the transactions undertaken by the charity have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Council meetings, have been made available to haysmacintyre. We have given haysmacintyre unrestricted access to persons within the charity in order to obtain audit evidence and have provided any additional information that haysmacintyre have requested for the purposes of the audit.
- 3 We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4 We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with FRS102 and the Charities Act.
- 5 We confirm that we have informed haysmacintyre of the details of all correspondence with the charity's regulators during the year and, in particular, the details of all Serious Incident Reports that we have made to the Charity Commission.
- 6 We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts.
- 7 We confirm that we are aware of the definition of a related party set out in FRS102. We confirm that the related party forms have been completed by all the relevant executives and trustees and made available to haysmacintyre as part of the audit.
- 8 We confirm that the related party relationships and transactions set out in the declarations provided to the auditor are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions,

and the transactions have been accounted for and disclosed in accordance with FRS102 and the Act.

- 9 We confirm that the financial statements correctly disclose the Trustees' remuneration and reimbursement of expenses, and are drawn up in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities.
- 10 We confirm that the charity has not contracted for any capital expenditure other than as disclosed in the financial statements.
- 11 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the charity conducts its business, and which are central to the charity's ability to conduct its business.
- 12 We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have provided haysmacintyre with the latest copy of our risk assessment. We confirm that we have considered the risk of fraud and disclosed to the auditor any actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former employees, regulators or others.
- 13 We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the charity is a going concern.
- 14 We confirm that in our opinion the effects of unadjusted misstatements as listed in the Audit Findings Report are immaterial, both individually and in aggregate, to the financial statements as a whole.
- 15 All grants, donations and other incoming resources, receipt of which is subject to specific terms or conditions, have been notified to haysmacintyre. There have been no breaches of terms and conditions in the application of such incoming resources.
- 16 We confirm that there is no audit information of which haysmacintyre are unaware. We have also confirmed to the Council that each senior executive (SMT) has taken steps to make themselves aware of any relevant information, and to establish that you are aware of that information.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to the Council and that to the best of our knowledge and belief they accurately reflect the representations made by us on your behalf during the course of haysmacintyre's audit.

Signed on behalf of the Senior Management Team of the General Optical Council by:

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Mark Webster
Director of Resources

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG



Date:

Dear Sirs

During the course of your audit of our financial statements for the year ended 31 March 2019, the following representations were made to you by management and Council Members (Trustees) on behalf of the General Optical Council.

- 1 We have fulfilled our responsibilities as trustees under the Charities Act 2011 for preparing financial statements, in accordance with UK Generally Accepted Accounting Practice (UK GAAP) that give a true and fair view and for making accurate representations to you as auditors.
- 2 We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the charity have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and council's meetings, have been made available to you. We have given you unrestricted access to persons within the charity in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
- 3 We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4 We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with FRS102 and the Act.
- 5 We confirm that we have informed you of the details of all correspondence with the charity's regulators during the year and, in particular, the details of all Serious Incident Reports that we have made to the Charity Commission.
- 6 We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts.
- 7 We confirm that we are aware of the definition of a related party set out in FRS102. We confirm that the related party forms have been completed by all trustees and made available to you as part of the audit
- 8 We confirm that the related party relationships and transactions set out in the declarations provided to you are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions and the transactions have

been accounted for and disclosed in accordance with FRS102 and the Act.

- 9 We confirm that the financial statements correctly disclose the Trustees' remuneration and reimbursement of expenses, and are drawn up in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities.
- 10 We confirm that the charity has not contracted for any capital expenditure other than as disclosed in the financial statements.
- 11 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the charity conducts its business and which are central to the charity's ability to conduct its business.
- 12 We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have provided you with the latest copy of our risk assessment. We confirm that we have considered the risk of fraud and disclosed to you any actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former employees, regulators or others.
- 13 We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the charity is a going concern.
- 14 We confirm that in our opinion the effects of unadjusted misstatements as listed in the Audit Findings Report are immaterial, both individually and in aggregate, to the financial statements as a whole.
- 15 All grants, donations and other incoming resources, receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
- 16 We confirm that there is no audit information of which you as auditors are unaware of, and that each Council Member (Trustee) has taken steps to make themselves aware of any relevant information and to establish that you are aware of that information.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the trustees during the course of your audit.

Yours faithfully,

Signed on behalf of the Council of the General Optical Council by:

Trustee: