

COUNCIL

Work undertaken by the Audit Committee during 2012/13

Meeting: 16 May 2013

Status: for noting

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Purpose

1. This paper is provided to Council to highlight the work undertaken by the Audit Committee (the “Committee”) during 2012/13 (April 2012 to March 2013).

Strategic Objective

2. This work is not linked to a strategic objective. It is however good practice to annually report the work that this Committee undertakes in order to keep Council abreast of the issues the Committee has considered. The content of this report will also be used to inform the GOC Annual Report for 2012/13.

Background

3. During the period under review, the Committee’s remit was set out in the GOC’s Allocation of Roles and Responsibilities document (see Annex 1). Whilst the committee now has new terms of reference, which were approved by Council in February 2013, the committee’s first meeting under these terms of reference was not held until 18 April 2013 which is outside of the reporting period.
4. The committee has no authority delegated to it under the Opticians Act or other legislation. When Council approved the committee’s new terms of reference in February 2013, it also delegated authority to the committee to make certain decisions itself, however this will not be reported on until early in 2014.
5. Membership of the committee during 2012/13 was as follows: Peter Douglas (Chair), Brian Coulter (Senior Council Member – who stepped down from the committee from October 2012 to end of January 2013 whilst he was interim chair), Morag Alexander, James Russell and Nick Rumney.

Analysis

6. Below is an explanation of how the committee fulfilled each of its responsibilities as set out in the Allocation of Roles and Responsibilities during 2012/13.

Advise the Council and their Committees as to the conduct of their work and their compliance with the following Council approved documents: Allocation of Roles and Responsibilities, Scheme of Delegation, Standing Orders, Standing Financial Instructions and Code of Conduct

7. This responsibility was not fulfilled during 2012 in part due to a lack of resources from the Governance and Finance Teams as well as a poor relationship with the internal auditors.
8. The committee agreed in January 2013 that this work would be included in the work plan for the new internal auditors, which were appointed by the committee via email on 1 March 2013.

Review complaints received and dealt with by the Registrar under the Complaints Protocol.

9. The committee undertook a review of corporate complaints in January 2013. Twelve complaints had been received by the GOC during the period under review. Three were dealt with under the GOC's Complaints policy. A further 12 were not taken forward either because there was insufficient detail (e.g. verbal complaints, insufficient information) or because they were not in effect corporate complaints, but complaints about other matters or wider issues such as government policy or the legislative framework. The latter were handled through more appropriate channels.
10. The committee will continue to review complaints received and dealt with by the Registrar, however in future this will take place at each quarterly meeting, rather than annually as the committee felt that it was too long to wait until the end of the year.
11. The Governance Team will be reviewing the GOC's Complaints policy during 2013 and the Audit Committee has provided some early thoughts to assist in the development of this policy.

Review the appointment and tenure of external auditors and advise the Council as to the appointment of external auditors

12. Crowe Clare Whitehill were appointed as external auditors in 2010/11 following a tender exercise. The committee considered their performance at their meeting in January 2013 which they believed to be satisfactory. The committee noted that Crowe Clarke Whitehill were charity specialists and had assisted the GOC in obtaining charity registration. They were also well placed to assist the GOC in making the full transition to charity accounting.
13. At its meeting in January 2013, the Committee agreed to recommend Crowe Clarke Whitehill's reappointment to Council. This was agreed by Council at its

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meeting in February 2013. The service will be re-tendered during 2013/14.

Review the financial accounts of the Council and advise the Council as to the approval of annual accounts

14. The committee reviewed the annual report and financial accounts for the year ending 31 March 2012 at its meeting in June 2012 and recommended that they be approved by Council. Council approved the report and accounts at its meeting in July 2012.

Review the risk management policies of the Council

15. The committee undertook several reviews of the Risk Register during 2012/13. In March 2012, the committee made a number of comments on the format of the risk registers and in June 2012 the committee considered a draft risk management strategy which had been developed by the former internal auditors, PKF.
16. The work to progress and embed risk management across the organisation progressed slowly during 2012, partly due to the poor relationship with the internal auditors and a lack of a Director of Resources. A new Director of Resources took up their post in November 2013 and presented a revised risk management strategy and policy to the Committee in January 2013 which was now in line with Charity Commission guidance and proportionate to the size of the organisation. The committee agreed to recommend approval of the strategy and policy to Council and Council approved it in February 2013.
17. The internal auditors presented their work plan for 2013/14 to the committee in April 2013 which includes risk management.

Advise the Council on any other areas of its work which the Committee believes is part of the role of an audit committee.

18. The committee has also undertaken a variety of other work during the reporting period which, whilst not specified within the Roles and Responsibilities document, is consistent with the functions carried out by an Audit Committee:
 - 18.1 received presentations from Lloyds, TSB, HSBC and Santander to become to the preferred banking supplier to the GOC. Lloyds was chosen. (March 2012);
 - 18.2 received a draft report on fraud controls from PKF (former internal auditors) (March 2012);
 - 18.3 received the annual audit of decisions taken by the Investigations Committee and FTP Committee, which is prepared by Morgan Cole (March 2012);
 - 18.4 received and commented on the GOC budget planning timetable and guidance (June 2012);

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- 18.5 received and commented on the external audit findings report and accounting and internal control recommendations (June 2012);
 - 18.6 received and commented on the half yearly budget position and management accounts (October 2012 and January 2013)
 - 18.7 removed the internal auditors (June 2012), agreed the process to reappointment new internal auditors (October 2012) and reappointed new internal auditors (via email in March 2013);
 - 18.8 considered a variety of policies and recommended their approval to Council including the Financial Regulations (including the policies on reserves, investment, contracts and procurement and fees, travel, subsistence and accommodation); risk management, whistleblowing, use of credit cards (October 2012 and January 2013);
 - 18.9 reviewed and commented on the BDO Stoy Hayward report on information governance (October 2012);
 - 18.10 reviewed the lessons learnt from the CRM project procurement, as requested by Council in August 2012 (October 2012)
 - 18.11 reviewed the GOC Business Continuity Plan (October 2012);
 - 18.12 considered and agreed a new committee workplan (October 2012)
 - 18.13 considered revised terms of reference for the committee (January 2013)
19. Whilst it is noted that the work carried out in paragraphs 19.1 – 19.3 falls just outside of the reporting period, it has been included in order to give a full picture of the work undertaken by the Committee.
20. There are no implications to the GOC's reserves or budget, legislation, resources, equality and diversity and the Human Rights Act in relation to this work.

Communications

21. The contents of this report will be used to inform the content of the GOC Annual Report for 2012/13, in particular the section which advises on the remit of the committee which is required under the Corporate Governance Code.

Risks

22. There are no known risks to this work. It is considered best practice to formally report the work of the Audit Committee in the annual report.

Recommendations

23. Council is asked to note the contents of this report.

Attachments

- Annex 1 – Allocation of Roles and Responsibilities (in place during the reporting period).

ALLOCATION OF ROLES & RESPONSIBILITIES

PART 11: THE AUDIT COMMITTEE

Statutory basis

11.1 Section 6 of the Act

Statutory responsibilities

11.2 None

Delegated responsibilities

11.3 None

Additional responsibilities

11.4 The Committee shall, in addition to any other responsibilities:

- (1) advise the Council and their Committees as to the conduct of their work and their compliance with the following Council approved documents: Allocation of Roles and Responsibilities, Scheme of Delegation, Standing Orders, Standing Financial Instructions and Code of Conduct;
- (2) review complaints received and dealt with by the Registrar under the Complaints Protocol.
- (3) review the appointment and tenure of external auditors
- (4) advise the Council as to the appointment of external auditors;
- (5) review the financial accounts of the Council
- (6) advise the Council as to the approval of annual accounts
- (7) review the risk management policies of the Council
- (8) advise the Council on any other areas of its work which the Committee believes is part of the role of an audit committee.

Composition and Membership

11.5 The Committee shall comprise of 5 members of the Council (excluding the Chair of Council).

Frequency of Meetings

11.6 The Committee shall meet no less than three times a year and shall meet with external auditor at least once a year.

Administrative support

11.7 Administrative support to the Committee shall be provided by the Director of Resources.