

To consider

Report of the Audit and Risk Committee

Issue

1. A summary of the Audit and Risk Committee's activities since its reconstitution in February 2013, and issues for Council's consideration.

Recommendation

2. Council is asked to consider the report of the Audit and Risk Committee.

Issue

Purpose, membership and reporting protocol

3. The Audit and Risk Committee is a governance committee of Council. It comprises six Council members and two co-opted external members, one of whom is yet to be appointed. The Chair is Hamish Wilson.
4. The Committee is responsible for ensuring the integrity of our financial statements; reviewing the systems of internal control, governance and risk management; and appointing, monitoring and reviewing both the internal and external audit services.
5. The Committee reports to Council twice a year; Council considered a report from the previous Committee on 5 December 2012.

Induction Session

6. On 28 March 2013, an induction session was held for members of the Committee. This was an opportunity to gain understanding of key functions and activities, preview key matters and short term priorities, and share thoughts regarding the operation of the Committee. Members were provided with an information pack in preparation for the session.
7. The Chair of the Committee held a separate meeting with the Head of Consultancy and Review (head of internal audit), the engagement partner from Grant Thornton (the firm that supports the head of Consultancy and Review in delivering the internal audit services), and the external audit engagement partner from Crowe Clark Whitehill.

First meeting

8. The first formal meeting of the Committee was held on 30 April 2013. At that meeting, the Committee:
 - a. Met in private at the start of the meeting.
 - b. Held a private session with the external and internal auditors.
 - c. Reviewed the draft Trustees' Annual Report and Accounts for the year ended 31 December 2012. The Committee's comments are included at item 5 on the agenda – Trustees' Annual Report and Accounts.
 - d. Considered the risk management arrangements and explored options for conducting the review of risk management requested by Council.
 - e. Considered the internal audit annual report for 2012, including the Head of Internal Audit Opinion on the systems of internal control, governance and risk management. In addition to the summary of the extent to which

actions arising from internal audit work have been implemented, the Committee requested that future internal audit annual and progress reports should provide a schedule of any outstanding actions; and that the annual report should include information on actual cost against the budget.

f. Reviewed the Approved 2013 Internal Audit Plan, and agreed a proposal to adjust the scope of the Governance review in the light of the Professional Standards Authority's recommendations in its recent report on the General Dental Council. The Committee endorsed the audit plan subject to the deferral of the Governance review to the first quarter of 2014.

g. Considered the outcomes of five internal audit reviews and two spot checks. The Committee sought more information on (a) the selection of areas for review and checks, and the way in which the remits were determined, including the rationale for any exclusions and (b) the determination of sampling size for spot checks. It also requested information on the processes for detecting and dealing with fraud.

h. Discussed training needs and opportunities.

i. Noted the outcomes of two Significant Event Reviews, and requested further information about the handling of such incidents.

Issues identified for Council's attention

9. In its discussion at the meeting on 30 April 2013, the Committee specifically identified a number of matters for Council's attention. These are set out below:

a. Impact of the governance and organisational changes on the control environment.

b. The mechanisms, tone and volume of our communication with doctors.

c. The nature of the research we commission.

d. Fitness to practise targets and outcomes – whether we are measuring performance against the right targets.

e. Our linkages with other regulators, including the extent to which we maximise the sharing of information.

Supporting Information

What equality and diversity considerations relate to this issue

10. Equality issues are considered in the planning of the internal audit work. No specific equality issues have been identified in relation to the matters covered in this paper.

If you have any questions about this paper please contact: Ellen Wright, Head of Consultancy and Review, 020 7189 5023, ewright@gmc-uk.org