



National Audit Office

The National Audit Office's five-year strategy

2020 to 2025

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Introduction

In challenging times it remains vital that Parliament is well supported in scrutinising the performance of government, and rarely have there been more challenging times. The response to, and recovery from, the COVID-19 global pandemic will have implications for many years for public spending and public service delivery. The exact impacts on society, the economy and the work of government cannot be known with certainty at this stage. New risks will emerge and there will be opportunities to learn lessons from the way the government has responded to the crisis.

Alongside the impact of the pandemic, there are many other challenges facing the UK in the coming years. The UK is forging a new relationship with the EU and the rest of the world and is working to achieve a net zero carbon economy by 2050. There are ambitious plans for improving national infrastructure. Demographic changes will continue to drive higher demand for public services and technological innovation will continue to reshape whole industries and public service delivery.

This sets a uniquely demanding agenda for the NAO in supporting Parliament in scrutinising government's performance. Our new strategy ensures that we will continue to provide effective support to Parliament while making our insights available to those responsible for public services. Our work will address the cross-cutting nature of many of the government's priorities and actions, as well as the performance of individual departments. We will use our remit across all public spending to provide high-quality, objective evidence and analysis for Parliament. This will include examining the government's response to COVID-19.

We will continue to report on the most significant risks to value for money drawing on our established expertise in financial management and reporting, service delivery, procurement, major projects, service transformation and the impact of regulation. We will address the risks and opportunities presented by the scale of technological change in public services; government's growing use of data; and progress toward a net zero carbon economy. Our value for money audits will reflect the perspective of diverse users of public services and examine the impacts of government activity in different local areas or among different groups.

To deliver these ambitious plans we will continue to develop the NAO into an exemplar organisation

Our financial audit work will continue to respond to developments in auditing standards and regulation following the Kingman and Brydon reviews, while also addressing some of the unique challenges in financial reporting arising from the impact of COVID-19. We will invest in audit quality and update our methodology and audit software to incorporate data analytics to improve the efficiency and effectiveness of our audit work.

We will do more to share the insights generated by our work in ways which make them easy to apply in practice. Our financial audit and value for money specialists will work together to extract maximum value from all our work in support of those managing and governing public bodies.

To deliver these ambitious plans we will continue to develop the NAO into an exemplar organisation and hold ourselves to the high standards we expect from public bodies. We will aim to achieve high standards of management, cost effectiveness, people development, application of technology and sustainability.



The National Audit Office's strategy

Our purpose

We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

Our strategic priorities

Improving our support for effective accountability and scrutiny

We provide assurance that public resources are accounted for accurately and used as intended. When this does not happen, we point it out. We will upgrade our methodology and software to deliver higher-quality audits using data analytics. This will provide Parliament with deeper insights to scrutinise public spending, and those responsible for the governance of the bodies we audit with the assurance they need.

Increasing our impact on outcomes and value for money

Our work focuses on the issues that matter and we will place greater emphasis on where we can influence long-term value for money. We will make better use of our analytical and audit expertise to identify how public services can be improved. This will allow more insightful and practical recommendations that lead to better outcomes.

Providing more accessible independent insight

We will be known as a valuable source of knowledge on how well public resources are used and how the governance and performance of public services can be improved. We will synthesise what we know on important issues and make it easier for others to understand and apply the lessons from our work.

Our strategic enablers

We will attract, retain and develop high quality people


Our people are proud to be part of our diverse, inclusive and healthy workplace. We attract talented people and support them to become even better at what they do, enhancing their careers and ensuring we have the skills and capabilities we need.

We will make more effective use of technology, data and knowledge

We use technology and analysis of data to perform our audit work more effectively and to create and communicate new insights that cannot be achieved in other ways.

We aim to be an exemplar organisation

We lead by example in holding ourselves to the high standards we expect from public bodies. We are efficient, provide value for money and focus on long-term sustainability.



Our strategy will help us make a bigger difference

The changes we will make to implement our strategy include:

- Developing deeper insights from our financial audit work
- Making better use of our knowledge
- Focusing more on long-term value for money issues
- Strengthening our focus on emerging and topical issues
- Enhancing our expertise in the skills that are a priority for government

We have taken a fresh look at our strategy and how we carry out our work in the light of the challenges facing the UK. We have considered how we can best serve Parliament and respond quickly to changes in the external environment that affect us as well as the bodies we audit.

Our work is held in high regard, but we are not complacent. We know that we can achieve more and that there are areas where we need to continue to adapt to ensure our work remains relevant and effective.

Our strategy is ambitious for the positive impact we can have and the difference this will make to Parliament, the bodies we audit, and the public. The changes we will make to implement our strategy include:

Developing deeper insights from our financial audit work

This will enable us to give Parliament and the public better information about how public money is being managed across government and provide the bodies we audit with fresh perspectives on their business. To do this we will invest in our financial audit software and methodology to ensure our work is carried out efficiently and meets regulatory quality standards.

Making better use of our knowledge

We will make it easier for others to understand and apply the lessons from our work and use them to improve value for money. We will publish a new series of reports bringing together what we have learned from our work on important recurring issues, such as commercial contracting and digital transformation. We will use these outputs where big projects and programmes are at an early stage, such as the restoration and renewal of the Palace of Westminster, to better influence results. To do this we will invest in our knowledge management capability. We will redesign our website to make it easier to access the knowledge and insights from our work.

Focusing more on long-term value for money issues

Our work programme will respond to government's plans with long-term implications for public spending, such as major infrastructure investments; the impact of EU exit; progress towards the net zero carbon target; the use of technology and data to transform services; and devolution. We will examine the long-term impact of COVID-19 on public spending priorities and continue to review this list of significant value for money issues over time.

Strengthening our focus on emerging and topical issues

We are building our capability to react quickly and effectively to support Parliamentary scrutiny of new issues as they emerge. Where these issues are of particular significance and cut across the work of government – such as government's response to COVID-19 – we will ensure this is reflected in our immediate programme of work to Parliament.

Enhancing our expertise in the skills that are a priority for government

This will enable us to focus more work on, and help improve value for money in, areas that are important to making government more efficient and effective. These include: major project delivery; financial and risk management; commercial; people and operational management; and digital.

Our purpose

We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.



National Audit Office

We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.


By statute we must perform audits of public sector organisations for Parliament. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

We support Parliament and, in particular, the House of Commons' Committee of Public Accounts in their scrutiny of public spending and service delivery. We also support other select committees and individual MPs in this role.

We are responsible for maintaining and publishing the Code of Audit Practice, which is approved by Parliament. The code sets out what the auditors of local government and health bodies are required to do to fulfil their statutory responsibilities.

The National Audit Office is led by the Comptroller and Auditor General, Gareth Davies, who is an officer of the House of Commons.

We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services



Our strategic priorities

Our three strategic priorities are:

- Improving our support for effective accountability and scrutiny
- Providing more accessible independent insight
- Increasing our impact on outcomes and value for money

Improving our support for effective accountability and scrutiny

We provide assurance that public resources are accounted for accurately and used as intended. When this does not happen, we point it out. We will upgrade our methodology and software to deliver higher-quality audits using data analytics. This will provide Parliament with deeper insights to scrutinise public spending, and those responsible for the governance of the bodies we audit with the assurance they need.

We support effective accountability by providing assurance over how public money is spent. We report on the accuracy of financial information so that public bodies can be held to account for their use of public resources.

The expectations and ambitions for audit have never been greater, driven by higher regulatory standards and stakeholder expectations. We will keep pace with developments in the wider audit profession and invest in the quality of our audit work. This will require us to update our audit methodology to make effective use of new data analytical tools, replace our audit software and train all our audit staff in our new approach.

Providing more accessible independent insight

We will be known as a valuable source of knowledge on how well public resources are used and how the governance and performance of public services can be improved. We will synthesise what we know on important issues and make it easier for others to understand and apply the lessons from our work.

Our work is highly valued by Parliament and the bodies we audit. Our value for money reports, investigations and financial audits are a useful source of analysis, insight and information.

We have heard from our stakeholders that it is not straightforward to find out what we know on a topic and to understand how they can apply this to improve delivery and value for money.

We aim to be known as a valuable source of knowledge on how well public resources are used and how the performance of public services can be improved.

We will improve how we communicate so that it is easy for people to find and use what they need, and to understand and apply the lessons from our work. We will publish a new series of reports that bring together what we have learned from our work on important recurring issues.

We will synthesise what we know on important issues and make it easier for others to understand

Increasing our impact on outcomes and value for money

Our work focuses on the issues that matter and we will place greater emphasis on where we can influence long-term value for money. We will make better use of our analytical and audit expertise to identify how public services can be improved. This will allow more insightful and practical recommendations that lead to better outcomes.

We have an excellent track record of identifying ways government can make better use of public money. We make recommendations which public bodies use to make financial savings and provide better services.

To have an even greater impact we will focus on the areas where we can make the biggest difference and bring the right expertise to that work.

Our programme of work will have a greater emphasis on issues where we can have an impact on long-term value for money. We will apply a rounded view of whether resources have been best used to achieve the intended outcomes, considering for example:

- impacts on people: understanding variation in impacts, for example among different groups of people, or in different parts of the country
- preventative measures: where early investment can protect value for money in the longer term
- long-term impacts: the extent to which outcomes are sustainable and cost effective in the long run
- cross-cutting view: whether the work of government is joined-up in supporting the intended outcomes



Our strategic enablers

Three enablers will make the biggest difference to how we achieve our strategy:

- We will attract, retain and develop high quality people
- We will make more effective use of technology, data and knowledge
- We aim to be an exemplar organisation

We will build on our strengths in these areas and within five years the descriptions overleaf will fully reflect how we operate.

We attract, retain and develop high quality people

Our people are proud to be part of our diverse, inclusive and healthy workplace. We attract talented people and support them to become even better at what they do, enhancing their careers and ensuring we have the skills and capabilities we need.

Our people are highly-trained experts in public financial management and audit. Most of our staff are chartered accountants, but we recruit and train for the broad range of specialist skills we need to deliver our work.

Learning is part of our people's day-to-day work and they are always developing new skills. They are supported to develop deep knowledge and insights in areas where our work can make a difference.

We are a diverse and inclusive organisation, where difference is valued, enabling our people to bring a breadth of thinking, experience and skill to our work.

Our work is stimulating, challenging and rewarding, and our people are able to strike the right work-life balance for them.

We make more effective use of technology, data and knowledge

We use technology and analysis of data to perform our audit work more effectively and to create and communicate new insights that cannot be achieved in other ways.

Technology and data play a vital role supporting our work, enabling us to improve the quality of our work, efficiently risk assess our audits and create insights about how public money is being managed that are not otherwise possible. Automation enables us to perform routine work quickly, freeing-up our people to focus on areas of greater complexity where professional judgement is required, enhancing the quality of our work.

Our technology enables us to run an efficient workplace. We use technology to share, collaborate and communicate our knowledge simply, quickly and securely. We used the lessons learned about how to operate as an entirely remote workplace during the COVID-19 pandemic to accelerate our progress in becoming a more agile organisation.

We are a diverse and inclusive organisation, where difference is valued, enabling our people to bring a breadth of thinking, experience and skill to our work

We aim to be an exemplar organisation

We lead by example in holding ourselves to the high standards we expect from public bodies. We are efficient, provide value for money and focus on long-term sustainability.

We run our business by behaving in the ways we would expect from a high performing public sector organisation. We apply best practice and follow the advice and recommendations that we give to others.

We put value for money at the heart of our decision making. We demonstrate that we are cost-effective and efficient, and achieve the right outcomes.

We are a sustainable organisation and aim to achieve net zero carbon by 2029.



How we will get there

To make progress on each of our strategic enablers, we will make changes to how we work to enhance our operational capability. Some of the most significant change projects are set out overleaf.

We attract, retain and develop high-quality people

- Refocused Learning and Development programme to equip our staff to deliver this strategy, including focus on digital skills; technical audit skills and management and leadership development
- Renewed diversity and inclusion plan designed to accelerate progress toward a genuinely inclusive organisation
- Refreshed set of NAO values better reflecting the culture and behaviours we need to meet the ambition in this strategy
- New line management arrangements with fewer, better-supported line managers
- New performance management framework, which will ensure all our staff have a clear personal development plan that supports our strategic priorities and their career ambitions

We make more effective use of technology, data and knowledge

- New digital audit platform incorporating automated methodologies and integrated data analytics
- New knowledge management approach connecting the learning from our financial audit and value for money work programmes

- Redesigned website to make it easier to access the knowledge and insights from our work
- New secure and efficient approach to managing and handling data from the bodies we audit
- Relunched NAO alumni network to support exchange of knowledge across organisations and sectors
- Review of our remote working practices during the COVID-19 pandemic, with more agile working practices incorporated into how we operate

We aim to be an exemplar organisation

- Audit quality plan designed to ensure that all our work keeps pace with new regulatory and quality standards
- Continued focus on efficiency, including a reduction in the size of the senior management team
- Measure performance based on our strategic priorities and enablers internally through a balanced scorecard
- Action plan for achieving our environmental targets of net zero carbon from the NAO's activities by 2029, reducing the waste we create and increasing our recycling rate



Our support to Parliament

Our purpose is to support Parliament in holding government to account and to help improve public services through our high-quality audits.

We support the work of the Committee of Public Accounts and other select committees.

We support individual MPs to make use of our expertise on public spending, financial management and service delivery.

Our purpose is to support Parliament in holding government to account and to help improve public services through our high-quality audits

We serve Parliament by providing high-quality assurance and insight over how public money is spent.

We aim to be recognised by Parliamentarians as a valuable source of expertise and advice to help them hold government to account.

We ensure our expertise and insights are accessible to MPs, Lords and their staff. Our audit work is presented to Parliament before publication, it is straightforward to find and use on our website, and our subject experts provide briefings to Parliamentarians.

We support the work of the Committee of Public Accounts and other select committees

Our reports help the House of Commons' Committee of Public Accounts hold government to account for public spending. We support the Committee to examine how public money has been spent through our value for money reports, investigations and briefings, as well as assisting their examination of the annual reports and accounts of government departments. In deciding what subjects to examine, the Comptroller and Auditor General must take into account proposals made by the Committee.


We support other select committees as part of our programme of wider support for Parliament. We identify opportunities to contribute to select committee inquiries and provide formal and informal advice and written and oral evidence to select committees to support their inquiries. We publish overviews of departments to assist committees in their scrutiny of departments' annual reports and accounts.

We support individual MPs to make use of our expertise on public spending, financial management and service delivery

We support individual MPs and their staff by:

- providing briefings on our published work
- responding to MPs' correspondence and concerns about instances where value for money may be at risk
- circulating embargoed copies of our reports on subjects of interest to MPs
- providing advice on examining departments' annual reports and accounts
- maintaining our programme of investigations and rapid reports which allow us to respond quickly to emerging issues of concern

We support Parliament and, in particular, the House of Commons' Committee of Public Accounts in their scrutiny of public spending and service delivery



Measuring our performance

Over the course of our strategy we will build on the measures of performance against our strategic priorities and strategic enablers described overleaf. This will include annual and five year targets against the key measures.

Measuring our performance

Our strategic priorities

Improving our support for effective accountability and scrutiny

Measures of our performance

- Number of value for money and wider reports produced and financial accounts certified against yearly target
- Number of Committee of Public Accounts against a target of 50 evidence sessions, and number of other select committee evidence sessions supported
- Financial Reporting Council rates our financial audit work as 2a or higher, and work meets internal cold review standards
- Value for money external cold review ratings meet quality standard, and internal NAO cold review ratings against target
- Annually commissioned independent feedback from the bodies we audit and the annual MPs survey shows:
 - MPs are familiar with and have a favourable opinion of the NAO and support the work we do
 - senior officials and MPs agree we support effective accountability and scrutiny
 - senior officials and MPs rate our work as high-quality
- Respond to correspondence we receive from the public within 20 working days

Our strategic priorities

Measures of our performance

Increasing our impact on outcomes and value for money

- Total value of financial impacts generated by our work, as agreed with the audited body, against our final net outturn
- Case studies, agreed with the audited body, which give examples of positive changes resulting from our work
- Percentage of Committee of Public Accounts and NAO recommendations accepted and implemented by the bodies we audit
- Annually commissioned independent feedback shows senior officials in the bodies we audit agree our work has led to better outcomes and value for money in their organisation

Providing more accessible independent insight

- Annually commissioned independent feedback from the bodies we audit and results of the annual MPs survey show:
 - senior officials agree that they can easily access our insights and knowledge
 - senior officials agree that the information and insight we provided was clear, useful and accessible
 - senior officials have heard about specific knowledge products and rate them as high quality
 - MPs agree they can easily access our insights and knowledge
- Number of lessons learned reports produced against yearly target
- Volume of reports downloaded from, and repeat visitors to, our website

Our strategic enablers

Measures of our performance

We will attract, retain and develop high quality people

- Our annual People Survey of NAO staff shows:
 - Our people are highly engaged in their work
 - Our people agree they have access to the right learning and development opportunities when they need it
 - Our people agree the NAO supports them in their career development
- Percentage of Women, BAME, LGBT, people with disability, and people from socially disadvantaged background in senior leadership, middle management and junior positions
- Gender and BAME pay gap
- Sickness absence in days per FTE
- Percentage of our people who have personal development plans

We will make more effective use of technology, data and knowledge

- External audit assurance opinion on digital change programmes, our digital service and knowledge function
- Our annual People Survey of NAO staff shows:
 - Our people agree they have the right technology and tools to do their work
 - Our people agree it is easy to find the information they need to do their work effectively

Our strategic enablers

**We aim to be an
exemplar organisation**

Measures of our performance

- Ratio of expenditure on front line activities to expenditure on corporate services activities
- External audit reports on efficiency of our corporate functions
- Annual expenditure within a defined margin of our gross budget
- Costs of value for money and wider assurance reports
- Rate of utilisation of our people against target
- Level of carbon emissions for the year
- Total waste in tons per FTE, % of waste recycled and water usage in m³ per FTE for the year



