



## Board Minutes

Meeting held on 13 June 2025 from 09:30 to 12:30

The Spark, Drayman's Way, Newcastle Helix  
Newcastle Upon Tyne, NE4 5DE

Board members		
Dame Fiona Reynolds	FR	Chair
Gaenor Bagley	GB	Non-Executive Member
Alistair Conner	AC	Non-Executive Member
Sir Martin Donnelly	MD	Non-Executive Member
Hetan Shah	HS	Non-Executive Member
Gareth Davies	GD	Comptroller and Auditor General
Catherine Hope-MacLellan	CHM	Chief People Officer
Rebecca Sheeran	RS	Chief Operating Officer
Max Tse	MT	Executive Director Value for Money Service Line
Attendees		
Abdool Kara	AK	Executive Director Local Services
Laura Lucking / Verity Prime	LL/VP	Executive Director Infrastructure (job share)
Kate Mathers	KM	Executive Director of Financial Audit
Geoff Ambler	GA	Director Information Security (item 9)
David Betteley	DB	Senior Analyst, Lead on Annual Report and Accounts (items 3-8)
Steve Corbishley	SC	Director Quality Compliance (item 5)
Vicky Cox	VC	Head of Facilities (item 6)
Sadie Ellis	SE	Head of Information Security (item 9)
Helen Evans	HE	Director Audit Transformation Programme (item 4)
James Osborne	JO	Director Audit Quality
Nigel Terrington	NT	Director Strategy (items 1-8)
Tim Valentine	TV	Director Finance (item 4)
Helene Morpeth	HM	Head of Governance and Risk

### 1. Welcome / Regular items

#### Welcome

- 1.1 Dame Fiona Reynolds (FR), NAO Chair, welcomed members and attendees to the annual Board meeting in Newcastle.

#### Apologies for absence

1.2 FR reported that there were no apologies for absence.

### **Declaration of Interests**

1.3 There were no changes or additions to declarations of interest.

### **Approval of the March Minutes**

1.4 The Board approved the minutes of the meeting held on 25 March 2025 as an accurate record of the meeting subject to a minor correction at paragraph 5.2.

### **Action log**

1.5 Helene Morpeth (HM) reported that there were six actions on the log, of which two related to the performance framework and, separately, the approval of the 2024-25 Annual Report and Accounts which should be completed as part of today's meeting. HM added that the Transparency Report and the Diversity & Inclusion annual report will be presented for Board approval either via correspondence or at the July Board meeting. The remaining actions are in train.

## **2. C&AG update and horizon scanning**

2.1 The C&AG updated the Board on strategic matters covering the outcome of the Spending Review (SR) for 2026 to 2029 and implications for the NAO; Parliamentary engagement; progress on financial audits for which a more detailed account will be provided later in the meeting; and progress on the VFM programme. The C&AG's update led to a wide-ranging discussion covering amongst other things:

- key messages and implications from the SR on government spending including the government's fiscal strategy;
- the exchange of letters between the C&AG and David Goldstone, Chair of the Office for Value for Money; and
- **the opportunity offered by the new approach to Departmental Overviews (DO) to influence and inform Parliament's scrutiny of the productivity and resilience of public services and the promotion of better financial management. The non-executives welcome the fact that DOs will be more evaluative, highlight key risks, and bring out the NAO's insights in each area.**

## **3. Strategic Discussion**

### **NAO's performance framework**

3.1 Nigel Terrington (NT) updated the Board on progress on the new approach to external performance and impact reporting which builds on prior Executive Team and Board consideration. He thanked FR and Alistair Conner (AC) for their input during the most recent consultation round. Starting next year, the Annual Report and Accounts will feature this new reporting method covering the strategy's two ambitions. The reporting will include quantitative data and focused narratives. NT referred to the draft proof of concept for the ambition on 'more productive and resilient services' included in the Board papers. He added that the proof of concept for the second ambition on 'better financial management and reporting in government'

is still being developed. Alongside this there will be more traditional performance metrics and targets for the remaining four components of the strategy.

- 3.2 The non-executives commented that they couldn't access the draft proof of concept but supported the overall direction of travel as described by NT. FR and AC commented that the initial draft they have seen provides a good illustration of how the NAO's work impacts on the achievement of the desired outcomes. It was agreed that NT should send the draft proof of concept to the non-executives for their comments and follow up with the financial management and reporting draft once ready. Hetan Shah (HS) suggested comparing the new reporting form with the Theory of Change model used for the development of the strategy.
- 3.3 Overall, the non-executives felt that the proposed KPIs for the remaining components were suitable and measured the right goals. They suggested reducing their number to focus on what matters most, whilst recognising that this is not an easy task. They provided detailed feedback on several KPIs, which NT noted.

**Action: NT to send the draft proof of concept to the non-executives for their comments and follow up with the financial management and reporting draft once ready. NT to reflect on the detailed comments provided by the non-executives on the KPIs. Time to be scheduled at future Board meetings to enable full engagement with the whole KPI set. NEDs to indicate where individually they would most like to engage.**

## **4. Substantial Operational Matters**

### **Update on Quality First Plan**

- 4.1 Kate Mathers (KM) provided a progress update on the Financial Audit Quality First Plan (QFP). She reported that we are moving towards a business-as-usual model and continuous improvement, while also working on project closure. The latter has been delayed due to the postponement of the Apex Portal launch as we concentrate on the security wrapper and the need to complete the outstanding release 3.1 work. KM added that many teams have been able to work successfully with the new Journals App but some teams - particularly those working with very large data sets - have experienced failures in uploading the data or using the app. With central support these cases have been resolved, and we will be updating the app to avoid similar problems in future.
- 4.2 AC sought assurance on the implications of the portal delay on the overall benefits realisation of the Audit Transformation Programme. KM confirmed that the delay has affected the 2024-25 audit cycle pilot plans, which have not gone ahead; however, the aim is to have the portal operational, ready for piloting, and potentially wider roll-out in 2025-26, by the autumn, subject to satisfactory application and testing of the security wrapper by the information security team. Additionally, as recommended by the Audit Quality Board (AQB), we will seek external assurance on the portal's security. In this context she welcomed AC's input into the scoping of the external review. Gareth Davies confirmed that the risk appetite on information security is low.
- 4.3 James Osborne (JO) reported that we are progressing the actions from the Audit Quality Review (AQR) team's findings from their review of our system of quality management (SoQM). He added that the findings are in areas where we expected them to be. The NAO's response to the findings will be discussed by AQB at their meeting on 8 July 2025.

**Action: KM to invite AC to comment on the scope of the external review on the security of the Apex Portal.**

#### **Update from the Chair of the Audit Quality Board (AQB)**

- 4.4 The Board noted the minutes of the AQB meeting held on 15 May 2025. Gaenor Bagley (GB) reported that the key issues discussed by AQB included the delay to the Apex Portal, the findings on the NAO's SoQM, and the Financial Reporting Council's shift towards assessing firm-wide quality systems beyond individual audits.

#### **Performance and Risk updates**

- 4.5 The Board received the performance and risk summaries as at the end of April 2025. Rebecca Sheeran (RS) reported that we are beginning the year in a positive position, with no additional performance information to bring to the Board's attention. She reported that the format of the performance report will be updated for the July Board meeting to align with measures for tracking progress on the new strategy.
- 4.6 RS added that there has been a significant update to the risk register regarding information security, which has escalated to the 'immediate concern' category due to the increasing external threat. She reported that the Executive Team will consider options to prioritise and accelerate actions to address this risk at their monthly meeting later in June. The Board noted the addition of a new risk to capture the NAO's Productivity which replaces the risk on 'Ways of Working'.

### **5 Year end corporate reports requiring Board approval**

#### **Assurance to inform the Board's approval of the 2024-25 Annual Report and Accounts (ARA)**

- 5.1 The Board reviewed the annual reports from the Audit & Risk Assurance Committee (ARAC), the Remuneration & Nominations Committee, the AQB, and the Director of Internal Audit and Assurance. They noted there were no significant issues impacting their approval of the ARA. The Board also noted Crowe's unqualified audit opinion on the NAO's financial statements and their positive validation of the financial impacts statement in the ARA. Gaenor Bagley acknowledged the strong performance of the Finance Team in achieving this positive outcome.

#### **2024-25 Annual Report and Accounts**

- 5.2 FR thanked the ARA team for their prompt response to non-executives' comments following the earlier circulation of the ARA. Members welcomed the greater conciseness of the document and commented that it was well-written. Tim Valentine (TV) reported that senior management pension information is disclosed in the report's remuneration and staff section. This data, provided by MyCSP, the pension administrators for the civil service scheme, was received on 9 June. We have completed reasonableness checks and forwarded the information to Crowe. Consequently, the pensions data shown in Figures 12 and 13 in the remuneration and staff report are provisional and subject to final audit.
- 5.3 TV added that data relating to Daniel Lambauer, Verity Prime, and Laura Lucking included pension information for periods before and after their employment with the NAO. This affects the accuracy of total remuneration earned while at the NAO and the value of their pensions upon joining or leaving the NAO. While we will query this with MyCSP, we do not anticipate a response within our current reporting deadlines. We are consulting with Crowe and our Practice & Quality Team on the best approach. Our proposal is to include the information

provided by MyCSP but to indicate any uncertainties regarding the covered timeframes through a disclosure note. GB noted that this was a pragmatic way forward, provided there is alignment with the associated disclosures in the other entities we audit.

- 5.4 The Board approved the ARA subject to Crowe's review of the proposed disclosure on pensions. The Board also noted that the ARA will undergo further detailed design and content proofing checks in the coming days. A final design document will be circulated to the Board.

#### **2024-25 Modern Slavery Statement**

- 5.5 The Board noted that the Modern Slavery Act 2015 requires the NAO to publish a statement on its website outlining the measures taken during the financial year to prevent slavery and human trafficking in its supply chains or business. The Board reviewed and approved the publication of the statement for the year ending 31 March 2025 on the NAO's external website.

### **6 Year end corporate reports requiring noting by the Board**

- 6.1 The Board noted the Health, Safety and Wellbeing Annual report for the year ended 31 March 2025.
- 6.2 The Board noted the Environmental Report for the year ended 31 March 2025. The discussion on the report focused on the decarbonisation of the NAO's London office, the content of which was informed by the latest update from the Decarbonisation Project Board summarised at agenda item 7 below.

### **7. Update from Board Committees / reports by exception**

#### **Update from the Decarbonisation Project Board**

- 7.1 The Board reviewed the summary note from the Decarbonisation Project Board meeting held on 6 May 2025. Vicky Cox (VC) reminded the Board that the primary objective of the programme is to reduce emissions for our London premises as close as possible to net zero by 2029. Additionally, we aim to leverage our experience to assist others in the public sector in achieving similar goals. The meeting on 6 May focused on the procurement strategy and discovery phase timeline. VC reported that the discovery phase is intended to generate the insights and information necessary to develop a business case for formal consideration by the NAO Board. The estimated date for this is June 2026; meanwhile, we will consider a communications plan for our engagement with The Public Accounts Commission (TPAC).
- 7.2 In this context, the Board discussed the broader political environment and its potential impact on TPAC, including the importance of presenting TPAC with a range of options.

#### **ARAC minutes**

- 7.3 The Board received the minutes of ARAC meeting held on 20 May 2025. GB noted that the meeting focused on year-end reporting assurances, which are covered elsewhere on the Board Agenda.

#### **Board action plan for 2025-26**

- 7.4 FR presented the 2025-26 continuous improvement plan for the Board, following the Board's approval of the outcome of her evaluation of the board effectiveness at the March meeting. Catherine Hope-MacLellan commented that the placeholder in relation to Action 3 of the plan

reflects ongoing work on the framework for director expectations within the new strategy. In this context FR added that she will consult with the Executive Team on their expectations of the non-executives to ensure that there is mutual understanding on both sides.

**Action: HM to present an update on progress at a future Board meeting.**

#### **Update on Chair succession**

- 7.5 HM provided an update on the upcoming Chair campaign led by Sir Geoffrey Clifton Brown, Chair of the Committee of Public Accounts. Next steps include selecting a preferred head-hunter to assist with the campaign. Once the head-hunter is in place, the panel will convene to discuss the draft Chair candidate pack. HM added that the Board will be invited to provide feedback on the candidate pack before the summer recess. The campaign is scheduled to launch in September. Further updates will be provided as the campaign progresses.

#### **Outline agenda for the Board strategy day**

- 7.6 The Board noted the outline agenda for the Board strategy day on 30 September and welcomed the selection of the two external speakers. HM reported that we may include the Board's review of the new Diversity & Inclusion strategy at this meeting.

### **8. Any other business**

#### **AOB**

- 8.1 FR sought feedback on the meeting. Members commented that the agenda could have allowed for more discussion, at the start of the meeting, on horizon scanning. FR welcomed the suggestion, and the Board engaged on a further discussion on strategic matters covering the lessons learned from the May local and mayoral elections; implications of the mayoral elections on devolution; social trends impacting on the local election results; and the state of local government finance.
- 8.2 RS informed the Board that approval will be sought, by correspondence, on the business case for the re-procurement of ERP system.

#### **Date and time of the next Board meeting**

- 8.3 The Board noted that the next meeting will take place on 22 July 2025 at NAO's London office.

### **9. Briefing for the non-executives on key actions to reinforce cyber security**

- 9.1 The meeting was followed by a briefing for the non-executives on the recent cyber security attacks on retailers. The briefing also covered the NAO's data loss preventative controls and the importance of always using NAO accounts for circulation of information. The non-executives noted progress on disaster recovery for technology and, separately, the advice provided on password management.