

Board Minutes

Meeting held on 22 July 2025 from 10:30 to 13:00

157-197 Buckingham Palace Road
London SW1W 9SP

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
Polly von der Becke	PvdB	Head of Wellbeing (item 4)
Steven Corbishley	SC	Director Quality Compliance (item 5)
Helen Evans	HE	Interim Director Audit Transformation Programme (item 4)
Adrian Jenner	AJ	Director Parliamentary Relations (item 4)
Lee-Anne Murray	LAM	Director VFM (item 4)
Sadie Smith	SS	Parliamentary Relations Manager (item 4)
Nigel Terrington	NT	Director Strategy (items 1-8)
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 meeting.

Apologies for absence

- 1.2 FR reported that there were no apologies for absence. Rebecca Sheeran attended the meeting remotely.

Declaration of Interests

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

Approval of the June Minutes

- 1.4 The Board approved the minutes of the meeting held on 13 June 2025 as an accurate record of the meeting.

Action log

- 1.5 The Board reviewed six actions on the log: they approved the deletion of three completed actions and noted the other three remain on track for completion by their respective due dates.

2. C&AG update

- 2.1 The C&AG (GD) updated the Board on operational and strategic matters. He reported that as at today's date he has certified 250 accounts (over 61%) and by the end of July he is expecting to have certified around 63% of accounts, which represents a significant improvement from the 55% certification achieved last year. He reported that the certification of the MoD accounts has been delayed due to the implications of the Afghan data leak. Where delays have occurred to other accounts this is largely down to factors outside NAO's control relating to audit quality or client delivery reasons. In response to a question on timeliness of certification from the client perspective, GD reported that the new annual insights report, due for publication next January, will include reporting on timeliness of certifications department by department.
- 2.2 GD reported that it is now confirmed that eight Train Operating Companies (ToCs) will require audit by the NAO in 2025–26, an increase from the two originally anticipated when preparing the estimate for the current financial year. While efforts are being made to mitigate some of the additional costs through efficiency measures, it is expected that a supplementary estimate will be necessary to cover setup and first-year costs not included in audit fees charged to the ToCs. The Board agreed to address the approach and potential impact of a supplementary estimate at the upcoming Board strategy day.
- 2.3 The C&AG's update led to a wide-ranging discussion covering amongst other things:
- Disclosures of the Afghan data leak, noting that the NAO will examine the Afghanistan resettlement schemes through two publications due for publication in September 2025 and February 2026.
 - The English Devolution and Community Empowerment Bill which includes provisions for a new local government audit regime in England, overseen by a new Local Audit Office (LAO). As previously noted, the NAO's current responsibilities for setting and maintaining a Code of Practice for local audit will transfer to the LAO. Work with the MHCLG on transition planning is ongoing.
 - Public finances a year on from the general election.
 - Threatened budget cuts to the U.S. Government Accountability Office (GAO) highlighting a wider dispute over federal spending control and GAO oversight. The Board also noted recent changes at the UK Office for National Statistics and the expanded remit of the Committee on Standards in Public Life.
- 2.4 FR asked the C&AG to extend the non-executives' congratulations to the financial audit service line, including supporting staff, for their great performance during peak audit, and hard work and professionalism.

3. Strategic discussion

The Spending Review

- 3.1 Nigel Terrington (NT) presented a paper summarising the outcome of the Spending Review (SR) highlighting the following areas:
- Overall decisions on public finances and departmental settlements

- Integrated settlements for Mayoral Combined Authorities
 - The approach to efficiency
 - Digital transformation
 - Devolution and local services
 - Aligned strategies and plans announced since the Spending Review
- 3.2 NT's paper informed an extensive discussion on the implications for the NAO's strategy arising from the SR. The Board noted the SR's emphasis on AI and digital transformation in public services, referencing our reports highlighting the challenges faced by the government in implementing digital change. The Board discussed the potential impact of a four-day working week on productivity and value for money, noting benefits and challenges.
- 3.3 The Board concluded that the NAO's strategic ambitions around enhancing productivity, building resilience, strengthening financial management, and fostering innovation all remain highly relevant and timely.

4. Substantial operational matters

Future of VFM

- 4.1 Max Tse (MT) and Lee-Anne Murray (LAM) presented a paper on the Future of VFM detailing how the NAO can support greater influence and impact in line with the ambitions in the NAO strategy. LAM outlined the principles underpinning the Future VFM programme and briefly described the programme's four objectives and 12 workstreams. She reported that several workstreams are already in progress and we are developing plans and launching pilots. She suggested a series of deep dives for future Board meetings alongside future programme updates.
- 4.2 The non-executives endorsed the programme's strong framework, particularly its emphasis on people and culture. They welcomed the upcoming deep dives. They questioned the level of ambition in relation to the potential changes and how best the non-executives can engage. LAM explained that the programme aims to improve responses to complex, cross-system issues by generating insights such as international comparisons and assessments of innovative government approaches that drive change, with a focus on positive examples.

Action: Helene Morpeth (HM) to liaise with MT/LAM to schedule the deep dives and programme updates in the Board forward programme

Parliamentary Engagement

- 4.3 Adrian Jenner (AJ) and Sadie Smith (SS) presented the 2025–29 parliamentary engagement plan, setting out how the plan aligns with the NAO strategy and the outcomes we want to achieve by 2029. They reported that the plan introduces new methods to strengthen relationships with parliamentarians and their staff, new communication channels to increase our impact and make it easier for MPs to access our offer, and a new focus on All Party Groups and financial literacy training. The latter is informed by feedback from the 2024 Ipsos survey with some MPs stating they do not hear frequently enough from us and wanted more digestible reports and more in-person briefing. AJ and SS added that while maintaining the longstanding key partnership with the Committee of Public Accounts (PAC) is a priority, the strategy also aims to expand the reach among MPs, especially targeting the 335 MPs first elected in 2024.
- 4.4 The non-executives supported the plan's ambition and innovative approach. They commented on the importance of balancing influence whilst maintaining independence. They advised the team to adopt a test-and-learn approach, and recommended maintaining close ties with the PAC and the Public Accounts Commission as they represent our main stakeholders in Parliament.

Wellbeing strategy

- 4.5 Catherine Hope-MacLellan (CHM) and Polly von der Becke (PvdB) presented the Wellbeing strategy, emphasising its impact on organisational performance and long-term value. They detailed the key wellbeing issues, strategic priorities, desired outcomes, and methods for evaluation progress.
- 4.6 The non-executives endorsed the proposed approach, emphasising the importance of strong leadership, line ownership, and HR support. They supported using data to identify issues such as sickness absence or low engagement, enabling targeted interventions based on best practice identified from across the Office. The non-executives also highlighted that wellbeing includes personal development progress. CHM noted the recent launch of a director expectation framework to promote feedback, continuous improvement, and wellbeing, and added that the enhanced learning and development strategy supports employee growth aligned with the NAO's strategic objectives.

Apex Engagement Portal

- 4.7 Kate Mathers (KM) provided an update on the Apex Engagement Portal (the Portal) following the Board meeting in June. She explained that the Portal is intended to assist audit teams with generating and managing requests, setting deadlines, tracking delivery status, and enabling secure document exchange with audited entities. The Portal aims to increase efficiency, support data governance, and improve the user experience for both NAO teams and audited bodies. However, it is not a significant element of the Audit Transformation Programme (ATP) business case and is not considered a main driver of the programme's anticipated benefits.
- 4.8 KM reported that since the contract was awarded to the supplier the security environment has become increasingly heightened, resulting in elevated design, delivery and security assurance complexity. The supplier has also experienced delivery constraints.
- 4.9 The Board noted that as a result of these combined factors, the Portal is now anticipated to be delayed until 2026-27. KM assured the Board that this delay does not pose significant quality or operational impacts, although a mitigated data governance risk will persist and continue to be managed.
- 4.10 The non-executives acknowledged the security concerns but emphasised the Portal's efficiency benefits. They requested a detailed timeline covering next steps to resolve the Portal's security issue.

Action: KM to provide a detailed timeline and next steps for resolving the Portal's security issue in September.

Performance and risk update

- 4.11 Nigel Terrington (NT) presented the updated performance report to end June 2025 which is aligned with the new strategy's ambitions and priorities. The non-executives questioned the largely 'green' RAG rating so early in the five-year strategy given the latter's ambitious targets over a five-year period. NT suggested future updates would include a more calibrated approach to better reflect the strategy's long-term goals.

Action: NT to provide a more calibrated approach to the performance report, to better reflect the strategy's longer-term ambitions.

- 4.12 Rebecca Sheeran (RS) reported that, at its recent monthly meeting, the Executive Team agreed to raise the risk rating for FNR - outturn not being within budget - to reflect reliance on a supplementary estimate to cover the additional costs of the TOC audits. The probability rating has now been updated to 'possible', which elevates the risk to the 'of concern' category. The non-executive members sought assurance that the supplementary estimate would be used

exclusively for the additional costs associated with the TOC audits. RS confirmed that this is indeed the case.

5. Year-end reports requiring Board approval

2024-25 Transparency Report

- 5.1 Steven Corbishley (SC) thanked the non-executives for their early comments on the Transparency Report and confirmed that all comments received have been incorporated in the version presented for the Board's approval. The Board approved the 2024-25 Transparency Report for publication on the external website, noting the report will be submitted to the Public Accounts Commission as part of the evidence pack for our annual financial audit quality hearing scheduled for November.

2024-25 Diversity and Inclusion (D&I) annual report

- 5.2 The Board received the second circulation of the D&I annual report following an earlier circulation by correspondence, now updated to reflect the Chair's feedback, proofreading comments, and the outcome of quality checks on the data used. The Board approved the 2024-25 D&I annual report, noting its publication on the NAO's external website, alongside the Transparency Report, at the end of July.

6. Assurance from Committees / reports by exception

Update from the Audit Quality Board (AQB)

- 6.1 Gaenor Bagley (GB) reported that the AQB meeting held on 8 July addressed, among other topics, the NAO's System of Quality Management (SoQM). AQB's independent members endorsed the ongoing efforts to strengthen the SoQM, informed by findings from the AQR's annual review as well as the NAO's internal annual evaluation of the system. GB referred the Board to the minutes of the meeting for further information.

Update from the Decarbonisation Board

- 6.2 The Board received the Decarbonisation Project Board's note of its meeting on 1 July. RS reported that the meeting had focussed on actions from the prior meeting, overall risk environment, engagement with the Public Accounts Commission, and strategic considerations for moving forward or not with the project.

Update on Chair succession

- 6.3 The Board noted the overall timeline for the next Chair campaign, including the interface between the Chair's campaign and the upcoming non-executive campaign. HM reported that there has been a slight delay in the appointment of the head-hunters for the Chair campaign; however, the fact that the Chair of PAC has initiated the appointment process early has helped to mitigate the impact of this delay.

Six monthly update on contracts awarded and tender pipeline

- 6.4 The Board noted the update on contracts awarded and tender pipeline in line with NAO's contract governance framework.

7. Any other business

- 7.1 RS reported on the promotion of Sade Philips (SP) as Director of Finance following a rigorous external competitive selection process which had attracted high quality candidates. The Board were delighted with the outcome of the campaign and SP's appointment.

Feedback on the meeting

- 7.2 FR sought feed-back on the meeting. Members commented on the large volume of strategic and operational business transacted. Members highlighted the valuable discussion on highly relevant and topical items carried out under horizon scanning.

Date of the next meeting

- 7.3 The Board noted that the next meeting would be the Board strategy day on 30 September 2025.