National Audit Office

**Board Minutes**

**Meeting held on 12 June 2026 from 09:30 to 12:00**

**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 |
| Laura Lucking / Verity Prime | LL / VP | Executive Director Infrastructure (job share) |
| **Attendees** | | |
| Abdool Kara | AK | Executive Director Local Services |
| Kate Mathers | KM | Executive Director of Financial Audit |
| Max Tse | MT | Executive Director VFM Service Line |
| David Betteley | DB | Strategy Lead (item 4) |
| Vicky Borritt | VB | Head of Facilities (items 4 & 7) |
| Katie Clifford | KC | Director of HR Operations (item 4) |
| Ryan Elliot | RE | Audit Manager (item 3) |
| Kelli Hart | KH | Senior Audit Manager (item 3) |
| Paul Hewitson | PH | Director (item 3) |
| Sade Phillips | SP | 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, opened the meeting and welcomed members and attendees to the annual Board meeting in Newcastle.

**Apologies for absence**

1.2 There were no apologies for absence.

**Declarations of interest**

1.3 There were no new or updated declarations of interest.

**Approval of minutes**

1.4 The Board approved the minutes of the meeting held on 21 April 2026 as an accurate record.

**Action log**

1.5 The Board reviewed the four actions on the log. Helene Morpeth (HM) reported that the actions relating to the incoming Chair's introductory meetings were on track. The Board closed two completed actions, noted that one action was on track for delivery by its due date, and that one action was partially completed or yet to be implemented.

## 2. C&AG update / horizon scanning

2.1 The C&AG updated the Board on recent strategic and operational matters. The Board's discussion covered the following, among other matters.

- The Government's agreement to establish a new House of Commons committee to conduct scrutiny of Defence Nuclear Enterprise expenditure and programmes following a recommendation from the Public Accounts Committee in its 2024 report 'Scrutiny of sound financial practice across Government'.
- Royal Assent to the English Devolution and Community Empowerment Bill which paves the way for the creation of a new Local Audit Office (LAO). Responsibility for preparing the Code of Audit Practice for local audits and supporting guidance will transfer to the LAO on 1 April 2027 making it important for the NAO and LAO to establish an effective working relationship.

2.2 The Board agreed that these developments were both hugely significant achievements and congratulated the C&AG and staff involved in the background work which had made these possible.

2.3 FR invited additional items of strategic interest. The Board discussed the recent resignation of the Defence Secretary and the wider international environment including implications for national resilience.

## 3. Strategic discussion

**Strategic insights from first year of auditing the Train Operating Companies (TOCs)**

3.1 The Board received a presentation from the audit team responsible for the first year of auditing eight Train Operating Companies (TOCs) which are now in public ownership. The team reported that:

- consistent systems supported efficient working and rapid understanding;
- centralised judgements strengthened audit quality;
- first-year audits required significant senior input which is expected to reduce in future;
- strong governance supported timely decision-making and challenge;
- greater challenge was required in relation to prior audit work; and
- the audits have added value which TOCs finance teams have welcomed including the stronger scrutiny and resulting improvements.

3.2 The team identified the following future priorities.

- Scaling resourcing to support additional TOCs coming in-house.

- Earlier engagement with experts and stakeholders.
- Increasing standardisation of accounts and judgments across the sector.
- Preparing for future regularity audit requirements.

3.3 The Board welcomed the strong early impact achieved and identified opportunities to apply learning more widely across the audit practice. The Board discussed the importance of sector-level engagement to support standardisation and efficiency.

3.4 FR thanked the audit team for an excellent and insightful presentation.

## 4. Year-end reports requiring Board approval

**2025-26 Annual Report and Accounts**

4.1 David Betteley (DB) and Sade Phillips (SP) presented the 2025-26 Annual Report and Accounts (ARA) for Board approval. They confirmed that comments from earlier drafts had been incorporated.

4.2 The Board considered assurances from the director of internal audit & assurance (DIAA), Crowe (the external auditor) and the Board's sub-committees. The Board noted that:

- DIAA has assessed governance, risk management and controls as adequate and effective;
- Crowe expect to issue an unmodified opinion, subject to final procedures, with no material errors identified. Crowe have noted a minor prior-year restatement relating to revenue allocation which is not material to the financial statements; and
- the Board's sub-committees have provided assurance within their respective remits.

4.3 The Board reviewed the final draft ARA and confirmed that the internal and external audit assurances were thorough with no significant issues identified. It discussed and clarified the minor prior-year restatement on revenue allocation and considered actions in train to strengthen compliance in areas including timesheet completion, performance objectives, and CPD.

4.4 The Board agreed a wording change to clarify that impact figures are "identified in-year" and, subject to that change, approved the ARA.

4.5 The Board noted that the ARA remained on track for signature and publication by 30 June 2026 subject to final proofreading. It thanked DB and SP for their leadership of the process.

**2025-26 Diversity and Inclusion (D&I) Annual Report**

4.6 Katie Clifford (KC) presented the D&I annual report, the first to be published following the launch of the 2026-2030 D&I Strategy and the conclusion of the 2021-2025 Strategy. The Board recognised that significant progress had been made while being clear about areas where further work is needed including improving representation of ethnic minority colleagues in senior roles.

4.7 The Board asked for the pay gap data to be checked again for completeness. It also discussed how D&I is embedded in core business practices and talent management processes.

4.8 The Board approved the 2025-26 D&I annual report for publication alongside the 2025-26 ARA.

**Action: KC to carry out a final check of pay gap data for completeness**.

**2025-26 Environmental Annual Report and proposed update to the Environmental Policy**

4.9 Vicky Borritt (VB) presented the 2025-26 Environmental Annual Report. The Board noted updated governance arrangements with the Environmental Performance and Sustainable Operations Committee (EPSOC) replacing the Sustainable Office Group, continued compliance, maintenance of ISO certification, and strong performance against targets with water reduction slightly below target.

4.10 The Board discussed climate risk and noted the mitigating steps the NAO is taking to improve our resilience to climate adaption as reported in the ARA.

4.11 VB invited the Board to approve the Environmental Policy which has been updated to reflect strengthened governance arrangements and alignment with current Government environmental targets and obligations and the NAO's operational priorities.

4.12 The Board approved the 2025-26 Environmental Annual Report and the updated Environmental Policy.

**2025-26 Modern Slavery and Human Trafficking Statement**

4.13 SP presented the 2025-26 Modern Slavery and Human Trafficking Statement, including the steps the NAO has taken during the year to prevent modern slavery and human trafficking in our business and supply chain. The Board noted a low overall risk from our operations with exposure mainly through supply chains and contracted services. SP explained the processes in place to minimise risks, including supplier assurance and contract clauses.

4.14 The Board discussed the increasing external risk environment and associated reputational considerations and agreed that ARAC should conduct a future deep dive to ensure controls remain effective. The Board noted the limits of our influence over tenants and their supply chains.

4.15 The Board approved the 2025-26 Modern Slavery and Human Trafficking Statement.

**Action: ARAC to conduct a deep dive on the control environment in place to mitigate against modern slavery and human trafficking in the NAO.**

**Proposed update to the internal Whistleblowing Policy**

4.16 HM presented the updated Internal Whistleblowing Policy. The Board noted:

- the policy has been reviewed to ensure it remains compliant, current and effective. It has been reviewed by the Executive Team and ARAC ahead of submission to the Board;
- a single substantive update reflects revised Department of Business and Trade guidance (April 2026) explicitly recognising sexual harassment as a protected disclosure under PIDA; and
- other changes are non-substantive, including improving clarity alongside proportionate plans to strengthen awareness and training.

4.17 The Board agreed the updated policy subject to a minor wording change.

4.18 The Board noted that no concerns have been raised under the policy in the past three years. It also noted the limited opportunity for fraud or misconduct given the strong control environment and recognised that staff use alternative channels to raise individual grievances.

**Action: HM to update the policy to reflect the comments by the Board.**

## 5. Approval of submission to the Public Accounts Commission (TPAC)

**Extension of the external audit contract**

5.1 The Board considered ARAC's recommendation to extend the external audit contract with Crowe to March 2028, with a further one-year extension anticipated subject to confirmation by the incoming Chair. It agreed the proposed extension would ensure continuity of the audit service and allow time to strengthen future market engagement including familiarisation by the next ARAC chair. The Board supported the proposed actions to strengthen market competition ahead of the next procurement.

5.2 The Board endorsed ARAC's recommendation. The next step will be for FR to write to the Chair of TPAC, to seek TPAC's approval.

**Action: FR to write to Chair TPAC to seek approval of Crowe contract extension**

## 6. Substantial operational matters

**Close down report for the Audit Transformation Programme (ATP) including proposed extension of support contract**

6.1 Kate Mathers (KM) reported on the successful completion and controlled closure of the ATP with responsibilities now transitioned to business-as-usual governance. She assured the Board that this did not mean an end to audit improvement; but marked the completion of the current programme.

6.2 KM also invited the Board to approve targeted contract changes with the supplier to secure the long-term stability of the Apex audit system. She assured the Board that the contract changes represented value for money and addressed the risk of contract failure and ensured continuity of service.

6.3 The Board welcomed the ATP's success and noted this had also been recognised by the Financial Reporting Council. It emphasised that quality improvement is an ongoing process and discussed the potential for a second phase of transformation focusing on further technology integration and AI governance. The Board noted the future Chief Digital and Information Officer would play a key role in the next phase.

6.4 The Board approved the close-down of the ATP and the contract variation with the Apex supplier.

**Performance and risk updates to end April 2026**

6.5 The Board noted the following.

- Reduction in website engagement, driven partly by AI summaries of searches; including the steps the Communications Team is taking to improve the design of the website, strengthen the use of data and analytics, and refining how it publishes and promotes content to increase engagement.
- Staff turnover remains low and stable.
- The information security risk has improved moving off 'immediate concern'. The overall risk profile is stable with no risks outside tolerance.

6.6 The Board agreed that the KPIs should be refined over time to reflect the evolving external and internal environment. FR noted that the forthcoming Board strategy day would provide the best opportunity to consider this as well as a review of how the strategy was progressing overall.

## 7. Annual reports requiring noting by the Board

**2025-26 Health and Safety & Wellbeing annual report**

7.1 The Board received the Health and Safety & Wellbeing annual report and welcomed the decrease in sickness rates during the year but noted that mental health remains the main driver. Catherine Hope-MacLellan (CHM) reported that the pilot mental health manager training programme showed positive results, and the new Occupational Health provider has improved responsiveness and data quality.

7.2 VB reported on the achievement of ISO certification for health and safety. Next steps include seeking certification for the ISO standard on Wellbeing.

## 8. Updated from the Board's committees / any other business

8.1 The Board noted the minutes of the recent meetings of ARAC and the Audit Quality Board.

**Any Other Business**

8.2 The Board noted there were no further updates on the incoming Chair over and above those reported at the start of the meeting.

8.3 There was no other business.

## 9. Conclusion

**Feedback on the meeting**

9.1 FR invited feedback on the meeting. The Board welcomed the excellent presentation by the TOCs audit team and said they would welcome further presentations from teams. The Board acknowledged the significant effort that goes into year-end reporting processes.

9.2 The Board noted the next meeting would take place on 21 July 2026.