

The Board
15 September 2016

Minute of September Board Meeting

Present

Members

Michael Bichard	MB	Chair - Non-Executive Member
Amyas Morse	AM	Comptroller and Auditor General (C&AG)
John Thorpe	JT	Executive Leader
Joanne Shaw	JS	Non-executive Member
Ray Shostak	RSh	Non-executive Member
Stephen Smith	SS	Executive Leader (observer)
Robert Sykes	RSy	Non-executive Member
Michael Whitehouse	MW	Chief Operating Officer

Attendees

Hafsa Khan	HK	Board and Leadership Team Secretary
Peter Gray	PG	Director, International Relations (Item 2)
Matthew Hemsley	MH	Audit Manager, Strategy (Item 3 and 4)
James Gourlay	JG	Audit Manager, Strategy (Item 3 and 4)
Janet Coull-Trisic	JCT	Director, External Communications (Item 3 and 4)
Mark Allen	MA	Head of Legal and Policy (Item 7)
Tim Valentine	TV	Head of Finance (Item 2 and 7)

The Minutes record the business of the Board in Agenda order.

Item 1

Good Governance: Minutes, Matters Arising and the C&AG's report

For the board meeting to remain quorate, John Thorpe attended the meeting as an observer and Stephen Smith as a board member.

Welcome & apologies for absence

- 1.1 The Chair, Michael Bichard (MB), welcomed members to the meeting. As this was Joanne Shaw's (JS) last Board meeting, as she was taking up a position as a member of the Board of NHS England. The Chair thanked JS for all of her work and support to the Board.

Declarations of Interest

- 1.2 There were none.

Minutes of meetings and action points

- 1.3 The Board approved the minutes of 14 July for publication on the NAO's external website.

C&AG's Update

- 1.4 The Comptroller and Audit General (C&AG) updated the Board on progress on the BBC draft charter. The Charter is going through a period of consultation and a further update will be provided at the Board in October.

Update from RemCo

- 1.5 Ray Shostak (RSh) provided the Board with a verbal update on the RemCo meeting held that morning. RSh and Rob Sykes (RSy) had met with David Kellet and James Weston before the meeting to discuss the recruitment process and its channels in promoting the NAO brand. They provided members of RemCo with a detailed presentation. Members found this meeting useful. RSh reported that RemCo discussed the policy frameworks which will be circulated to Board members after the meeting. The C&AG also noted that he would provide a paper to the Board on the succession planning to the Leadership Team.

Item 2

The NAO's International Activities Strategic Stocktake

- 2.1 Peter Gray (PG) and John Thorpe (JT) presented a stocktake of the NAO's international activities. The NAO's second tenure on the United Nations Board of Audit came to an end in July and the time was now right to consider the NAO's international strategy going forward.
- 2.2 NAO international work has three components: where we are the auditors of an international organisation, in the majority of cases appointment is through competition; when we undertake technical cooperation work, largely institution building again funded through competitively awarded contracts; and finally networking with other Supreme Audit Institutions including participation in technical workshops organised by the various global, regional and Commonwealth representative organisations.
- 2.3 The international environment is now much more competitive and as a result it is more difficult for the NAO to win both audit and technical cooperation contracts. This will now be compounded by the UK's exit to leave the European Union (EU) as many of the Office's technical cooperation work is EU funded. The Board had an in-depth discussion on the merits, risks and practicalities of the Office's international environment. The NAO's brand is highly regarded, and this is reflected in the considerable demand for the NAO's advice and expertise. International work had considerable appeal to NAO's people in that it provided new opportunities and experience. Operationally, however, it can be difficult to reconcile the demands of the NAO's core business with the timing of international work. The Board were keen that the NAO continued to make an important contribution to the development of Parliamentary audit, particularly in countries with less capability, and that the NAO maintained its international profile. On balance, however the Board recognised that a proportional approach was needed given the increasing demand for NAO services in the UK. The Board concluded that the NAO's strategy should continue as currently formulated, although this will be on a reduced scale following the end of the UN work. This means competing for international audits and technical cooperation projects, often in partnership, where there is a reasonable chance of being appointed and continuing to participate in international audits when there is a clear strategic advantage in doing so.

The Board would receive the updated strategy at its January meeting.

Item 3

Framework for Strategy to TPAC

- 3.1 The Board received a draft outline for the strategy submission for the Public Accounts Commission (TPAC) hearing in December. The Board approved the outline but recommended that the structure should be simple and easy to follow and not organised around the three current enablers. The Board also asked for the draft strategy to be accompanied by a detailed paper on the Office's three year financial plan.

Item 4

Success Measures

- 4.1 Matthew Hemsley (MH), James Gourlay (JG), and Janet Coull-Trisic (JCT) presented a paper outlining the indicators which the NAO will use to measure its success and which will be included in the strategy submission to TPAC. The Office's approach is to have a comprehensive framework which captures the full range of the impacts it is having. The framework covers: financial impact, and implementation of NAO's recommendations.
- The Board approved this but emphasised the need to bring out the NAO's impact on improving the quality of public services and user experience.

Item 5

VFM Report – Workforce Deployment and Utilisation

- 5.1 The Board received the VFM report, Workforce Deployment and Utilisation, which was carried out by our External Auditors, Crowe Clark Whitehall. The Board approved its transmission to TPAC for the hearing in December but asked to see the NAO's response to its recommendations at the October Board meeting.

Item 6

Business Improvement Project (BIP): Update

- 6.1 Michael Whitehouse (MW) provided the Board with an update on the Business Improvement Project (BIP). BIP was due to go live the following week as planned, and

all staff had received the initial training. The Board welcomed assurance about the go live date but emphasised the importance of the cultural and behaviour changes needed to realise the full business benefits of BIP. The Board asked for ongoing regular assurance on this.

Item 7

Business and Risk Reporting

7.1 Mark Allen (MA) and Tim Valentine (TV) presented the business and risk report. Members supported the way the risk paper was presented and thanked JS for the work undertaken to improve the documentation and analysis of risk. Members confirmed that it met their expectations.

The Board received the August dashboard and updated position for September. This indicated that the NAO was on track in meeting its key business objectives. The financial position was however, very tight with no contingency. The Board emphasised the importance for all NAO people managing resources carefully and would monitor performance monthly.

Hafsa Khan

Board Secretary