

The Board
20 October 2016

Minute of October Board Meeting

Present

Members

Michael Bichard	MB	Chair - Non-Executive Member
Janet Eilbeck	JE	Non-Executive Member
Amyas Morse	AM	Comptroller and Auditor General (C&AG)
Greg Parston	GP	Non-Executive Member
Ray Shostak	RSh	Non-executive Member
Stephen Smith	SS	Executive Leader
Robert Sykes	RSy	Non-executive Member
Michael Whitehouse	MW	Chief Operating Officer

Attendees

Hafsa Khan	HK	Board and Leadership Team Secretary
Tim Valentine	TV	Head of Finance
Matthew Hemsley	MH	Audit Principal, Strategy

Attendees via VC

Adrian Jenner	AJ	Director, Parliamentary Relations (Item 1)
James Gourlay	JG	Audit Manager, Strategy (Item 3 and 4)
Tim Wright	TW	Director, Business Improvement Programme (Item 5)
Mark Allen	MA	Head of Legal and Policy (Item 6)

Apologies

John Thorpe	JT	Executive Leader
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The Minutes record the business of the Board in Agenda order.

Item 1

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

Welcome & apologies for absence

- 1.1 The Chair, Michael Bichard (MB), welcomed members to the meeting. On 18 October 2016, the Public Accounts Commission appointed Janet Eilbeck, and Greg Parston as non-executive members to the NAO Board. The Chair welcomed both Janet and Greg to their first board meeting.
- 1.2 John Thorpe sent his apologies.

Declarations of Interest

- 1.2 There were none.

Minutes of meetings and action points

- 1.3 The Board approved the minutes of 16 September for publication on the NAO's external website subject to minor amendments in the International Strategy item.

C&AG's Update

- 1.4 The Comptroller and Audit General (C&AG) provided the Board with a brief update on the status of published reports and his continuing work with Departmental Accounting Officers. He also mentioned attending the UN Board of Auditors meeting in New York as his final visit. He commemorated the the tenth anniversary of the NAO Newcastle Office, where he would be giving a speech later in the afternoon, with the Chair.

Parliamentary Update

- 1.5 Adrian Jenner (AJ) provided the Board with a short update on the positive work between Parliament and the NAO where the NAO have provided briefing for Select Committees. He updated the Board with further changes to the chairs of the government departmental select committees.

External Audit Contract

- 1.6 The Board approved the proposal to extend the external auditors (Crowe Clarke Whitehall) by a further two years to cover the financial statements to the end of March 2019.

Item 2

External VFM Studies by Crowe Clarke Whitehall (CCW)

2.1 The Board discussed and approved the two papers which we are required to provide to TPAC on:

(i) the progress we have made in implementing the recommendations from the 2015 external VFM audit of the NAO's HR processes.

(ii) our response to the 2016 review of Workforce Deployment and Utilisation.

Item 3

Strategy Submission to the Public Accounts Commission

3.1 The Board received the draft strategy submission for the Public Accounts Commission (TPAC) hearing in December. Following the Board's comments on the structure of the strategy at its meeting in September, members proposed a number of changes to the strategy. The Board also discussed the draft memorandum for the supplementary estimate which would accompany the strategy.

3.2 The key changes needed were:

- Greater precision in what the NAO is planning to do digitally.
- The sections of influence are too vague and need greater specification.
- The uncertainty around the implications of Brexit for the NAO needed to be brought out more clearly.
- The report seemed too repetitive and needed streamlining and proof-reading. The tone was also imbalanced and needed more work.
- The finance projections would be discussed further at the November Board meeting, particularly around growth and pay assumptions and the planned investment in IT.

Item 4

Progress with our Impacts for 2016

4.1 The Board considered the initial stocktake of likely impacts which the NAO should be able to claim for 2016. The Board recognised the importance of financial impacts and that these should be as widely based as practicable. It is important that teams focussed on demonstrating wider impacts from NAO work particularly where these result in longer

term beneficial impact for the users of public services. The Board also emphasised the importance of there being a strong and convincing narrative which demonstrated the added value NAO helped deliver through its work. This should be reflected in the final list of impacts which the Board will be asked to endorse in the next year.

Item 5

Business Improvement Project (BIP) Update

- 5.1 Tim Wright (TW) presented the Board with an update a month after the live roll-out of BIP. So far people's reaction had been good with most being very positive. Much would now depend on the new software delivering the intended benefits in terms of better operational planning which was much more user friendly and responsive. The Board congratulated the BIP team on progress achieved. The Board emphasised the importance of full benefits realisation particularly quantified efficiencies and consequential head count reductions. It was agreed that the Board would discuss a detailed paper on benefit realisation at its January meeting.

Item 6

Business and Risk Reporting

- 6.1 Mark Allen (MA) and Tim Valentine (TV) presented the business and risk report. No new issues were raised. Progress with key outputs was on track. The financial position remained tight and the Board emphasised the importance of strong financial management by all in the NAO.
- 6.2 There were no red risks in the risk register and the Board were satisfied with the register.

Item 7

Any Other Business

- 7.1 The Board approved the proposal to commence retendering of the NAO's professional training contract.

Hafsa Khan

Board Secretary