

**The Board**  
**20 April 2017**

# Minute of April Board Meeting

# Present

## Members

Michael Bichard	MB	Chair - Non-Executive Member
Amyas Morse	C&AG	Comptroller and Auditor General (C&AG)
Janet Eilbeck	JE	Non-executive Member
Ray Shostak	RSh	Non-executive Member
Rebecca Sheeran	RS	Executive Member
John Thorpe	JT	Executive Member
Daniel Lambauer	DL	Executive Member

## Attendees

Abdool Kara	AK	Executive Member
Stephen Smith	SS	Executive Member
Chloe Forbes	CF	Head of Corporate Affairs and Strategy
Mark Allen	MA	Head of Legal and Policy Advice
Tim Valentine	TV	Financial Controller
Matt Hemsley	MH	Audit Principal
Hafsa Khan	HK	Board and Leadership Team Secretary

## Apologies

Greg Parston	GP	Non-executive-member
Rob Sykes	RSy	Non-executive member
Max Tse	MT	Executive Leader
Kate Mathers	KM	Executive Leader

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

# Item 1

## Good Governance:

### Welcome & apologies for absence

- 1.1 The Chair, Michael Bichard (MB), welcomed members to the meeting. MB noted Greg Parston (GP) and Rob Sykes's (RS) apologies. He said RSy absence was due to a change of the original date of the meeting.
- 1.2 MB welcomed the newly appointed executive members to the meeting, Rebecca Sheeran (RS) and Daniel Lambauer (DL) and John Thorpe (JT) as a re-appointment member to the Board. He also welcomed the remaining executive leaders who will observe Board meetings.

### Declarations of Interest

- 1.3 There were no declarations of interest.

### Matters arising

- 1.4 Janet Eilbeck (JE) asked members to clarify which executive member of the Board was accountable as Finance Director on the Board. The C&AG said this would be confirmed at the next Board meeting.

### Minutes of the Board meeting of 16 March 2017

- 1.5 The Board approved the minutes of the meeting held on 16 March 2017 for publication on the NAO's external website.

### Minutes of the Remuneration and Nomination meeting of 16 March 2017

- 1.6 The Board received the minutes of the Remuneration and Nominations committee (RemCo) meeting held on 16 March 2017. It was noted that the Comptroller and Auditor General (C&AG) would review the succession process for appointing the new C&AG, and would inform members of RemCo of the next steps at the next meeting in September.

Members of RemCo also asked for the job descriptions of the newly appointed executive leaders. As Chair of RemCo, Ray Shostak (Rsh), reminded the C&AG to provide a timeline for agreeing the leadership team objectives for the financial year 2017-18 by the end of May.

## **C&AG's Update**

1.8 The C&AG provided the Board with a short report on his activities. Since the last Board meeting in March, Parliament voted for an early General Election and members received a note from Adrian Jenner (Director of Parliamentary Relations) on how this would affect the NAO's planned work. A number of reports which were due for publication in May and June, which were now not being published and the effect on financial audit certifications would also be significant. However, the C&AG assured the Board that he would work with the Leadership Team and director colleagues to ensure a smooth profiling of work during this period.

The C&AG also mentioned about his intentions to discuss exiting the EU at the next Board meeting including the implications for the Office and the response.

The Chair also noted the Public Accounts Commission NAO 2017-18 Estimate session which was held on 21 March, and the approval of the Estimate.

## **Item 2**

### **Future of Board Working**

2.1 Caroline Waters (CW) presented the Board with a development plan following on from her evaluation of the Board's ways of working. CW proposed reworking the Board's agendas to separate governance agenda items from board development items and strategy items. She suggested that where possible the Board centre their discussions around these three headings.

She recommended that the governance agenda items be supported by a data rich, performance dashboard with deep dives on a 'by exception' basis. The strategic debate would use the Board's skills and experience to consider relevant strategic themes and in particular what external trends and developments the NAO needs to consider. The Board Development element would be an opportunity for regular learning and development that supports the Board, as a body, in the execution of its responsibilities.

As RSy, and GP, were not present at the Board meeting, the Chair was reluctant to agree to the proposed plan at this meeting. Members agreed that CW should come back at the next board meeting in June to agree this development plan.

## Item 3

### Cluster Strategic Review

3.1 Chloe Forbes (CF) presented the Cluster Strategic Review which outlined progress to date against each cluster's strategic objectives and the overall corporate strategic objectives as well as the main achievements during the 2016-17 financial year. The discussion drew out wider systemic issues which would have an ongoing significant influence on the NAO's work. A number of points were discussed:

- The NAO's cluster model continued to work well, both in enabling teams to draw out the main strategic issues facing the bodies we audit, and in delivering a programme of high relevance to Parliament. The new Leadership Team set up means that a single Executive Leader is now dedicated to each cluster with the opportunity to provide refreshed leadership. CF informed the Board of some operational issues within clusters which needed improvement, including a better planned programme of investigations and more consistent performance in responding to correspondence.
- CF drew attention to the people engagement scores and that they were improving. Those clusters which performed less well in the last people survey had taken concerted action. The C&AG said that improving people engagement is a priority for the new Leadership Team.
- The skills development, particularly commercial and corporate finance, is continuing and it is important we have a resilient body of expertise. The lack of reliable up to date information on cluster performance regarding skills has been a constraint. The next phase of the Business Improvement Programme, to go live in the autumn, is intended to help resolve this.
- Four cross-cutting themes were also discussed. These topics were: exiting the European Union including NAO's capability to consider this, devolution, localism, and capacity and capability with on-going austerity.

## Item 4

### Annual Report and Accounts 2016-17

- 4.1 The Board received a draft of the Annual Report and Accounts 2016-17. The Board agreed to email their amendments to Matt Hemsley (MH) and to receive the final draft at the June Board meeting. The Chair recommended that the paragraph on our people should be highlighted more positively as it appeared that we were underselling our achievements. They also discussed the quantity of sustainability data that should be included and whether it would be more appropriate to put some on the NAO website instead.

As Chair of the NAO's Audit Committee, Janet Eilbeck (JE) informed the Board that the Audit Committee were due to discuss the financial statements at its meeting in May.

## Item 5

### Business and Risk Reporting

- 5.1 The Board received the business year end outturn report which Tim Valentine (TV) presented. Performance for the year against targets were broadly in line with the planned expectations. TV informed the Board of the two operational areas where our work did not meet its target. These were the scale of our investigations programme, and the correspondence response rates. TV notified the Board that clusters have an action plan so this is improved in 2017-18.

The Board also received the risk report for the financial year end of 2016-17 which Mark Allen (MA) presented. MA said there were no current specific threats, however, there were two changes within the risk register since it was last considered by the Board: the risk relating to Accounts Qualification transitioned from 'Amber' to 'Green'. This was due to the successful transition to Financial Force. The second change was in respect to correspondence, as this was now changed from 'Green' to 'Amber'; reflecting the failure to meet our targets of initial response rates for 2016-17.

Following on from comments at the March Board meeting, MA told the Board that the Policy & Legal team would provide a modified risk register for consideration at the next Audit Committee in May, ahead of presentation to the Board in June.

Hafsa Khan

Board Secretary

**Date and time of next meeting**

**Board Strategy Day, Thursday 18 May 2017, 10:00-15:00**

**Thursday 15 June 2017, 14:30-16:30**