



National Audit Office

The Board
4th Meeting
24 November 2009

Minutes

Present

Members

Andrew Likierman	AL	Chair (part meeting) - Non-Executive Member
Ruth Evans	RE	Non-Executive Member
Mary Keegan	MK	Non-Executive Member
Richard Fleck	RF	Non-Executive Member (Chair from 13.30)
Amyas Morse	AM	Comptroller and Auditor General (C&AG)
Michael Whitehouse	MW	Chief Operating Officer
Gabrielle Cohen	GC	Assistant Auditor General
Ed Humpherson	EH	Assistant Auditor General

Attendees

Pat Pattison	PP	Nominee of Board Secretary
Jim Rickleton	JR	Director General Finance and Commerce (Item 4)

(The Minutes record the business of the Board in Agenda order. AL was the Chair for Item 5 'Board Objectives' (part) and thereafter RF chaired the meeting.

Item 1

Apologies for Absence

1 There were none.

Item 2

Declarations of Interest

2 There were none.

Item 3

Minutes, Action Points and Matters Arising

3.1 Minutes

The Minutes of the meeting held on 27 October 2009 were approved.

3.2 Action Points

B/ 8.2/07.09/AM - Introduction of Non-Executive Members to stakeholders

- AM informed the Board that he was meeting with contacts in Parliament and would appreciate any details of any further contacts that the Non-Executive Members may have.
- AM further informed the Board that he was building relationships with Permanent Under-Secretaries and was considering means of engagement on major issues such as Devolved Delivery.

3.3 Matters Arising

There were none.

Item 4

Business Report

4 JR presented the Business Report and informed the Board that:

- There had been an improvement in VfM study budgets to bring average study costs in line with target
- Average VfM study costs were in danger of cost over-runs. The Director General, Value for Money Audit had managed to achieve savings by revising budgets for the remaining studies to be delivered this financial year.

The Board discussed and noted that:

- Non-performance to budget was a performance management issue and MW and JR will review product variability to inform accountability reviews. B/4.1/11.09/
MW & JR
- To review the delivery of targets an over-arching assessment of output in respect of the current year should be undertaken and the results brought back to the Board in February or March 2010. B/4.2/11.09/JR
- In the short term, 60 major reports will be produced annually and an integrated Business Plan will be brought before the Board in February. B/4.3/11.09/JW
- The Business Management Report for January will show progress made in relation to financial audit and VfM studies setting out the current position with analysis and trends. B/4.4/11.09/JR
- In relation to financial impacts, the target ratio of £9:1 has been set and although the current risk of failing to meet this target is

rated as a high-level risk, there is work underway which is expected to reduce the risk level.

B/4.5/11.09/JR

- Further thought will be given to the risk of the NAO under-spending against its budget, including consideration of one-off gains.

Item 5

Board Objectives

- 5 AL presented draft 'Objectives of the Board of the NAO' for discussion and explained that the paper suggested a set of opening ideas for Board objectives (as distinct from the NAO's objectives).

The Board discussed:

- the extent to which collective accountability would translate into being accountable and visible to external and internal stakeholders
- the role of the Board in assisting the NAO to consider reputational risk by 'identifying and maintaining key relationships' B/5.1/11.09/GC
- the extent to which the Board should act as a repository for any public concern about the work of the NAO and in providing a vehicle for challenge.

AL left the meeting at 13.32 pm and RF (Senior Independent Member) took the Chair

- the role of the Board in relation to Parliament, where accountability for the audit outputs rests with the C&AG and accountability for the governance of the NAO where responsibility is shared between the Chairman and the C&AG. B/5.2/11.09/JW & GC
- The role of the Board in relation to developing the Strategy where the input from the Non-Executive Members' had been particularly helpful in helping shaping the thinking of the Leadership Team.

Item 6

Strategy – Business Plan

6 MW presented a paper ‘ Strategy – Business Plan Objectives’ and informed the Board that:

- The discussion paper followed on from the Strategy and set out actions to be achieved by 31 March 2010 and forward planning to put into action the strategy endorsed by the Public Accounts Commission. The Business Plan was being prepared and would be brought before the Board in February 2010. Portfolio and thematic leads were preparing their strategies which would support the Business Plan. B/6.1/11.09/JW
- The Business Plan would define outcomes, knowledge and influencing capability and capability and be underpinned by measures which in turn would be closely aligned to performance management so that the contribution to business objectives can be measured.

The Board commented upon and noted the following:

- There was concern about the number of individual outcomes and the ability to measure these. These should therefore be reduced and practicable measurement demonstrated in the Business Plan to be submitted in February 2010. B/6.2/11.09/JW
- Implementing the strategy would require significant cultural change as there would be greater central direction of the work programme and more thematic work to be driven forward through the work-streams.
- There was a distinction between ‘aims’ which were strategic in nature and ‘enablers’ which would be management objectives. In communicating this document throughout the NAO these would be distinctly separate.

- There would be a need to re-configure the Business Report for the coming year in light of the Business Plan, once approved B/6.3/11.09/JR
- The Board re-iterated the need to ensure that documents in support of agenda items were sent out as early as possible in advance of the meetings in order to facilitate informed discussion and allow issues to be flagged-up in advance of the meetings.

Item 7

Diversity Annual Report 2008-2009

7.1 EH presented the 'Diversity Annual Report 2008-2009' and informed the Board that:

- The purpose of this report, which was produced annually, was to promote our commitment to diversity and encourage talented people to join and remain with the NAO. The paper showed that several of the comparison metrics had moved in the right direction and demonstrated good performance compared with the Civil Service.
- The report also highlighted trends which the Leadership Team needed to focus on. For example, the comparative statistics in respect of disability suggest relative under-representation of people with disabilities at the NAO.

The Board commented upon and noted:

B/7.1/11.09/JM

- The statistics for graduate recruitment could usefully be supplemented with information on targets in future Diversity Reports.
- On retention, content in relation to the use of exit interviews and staff retention issues would be useful in future reports and may provide insight leading to policy changes
- It would better inform the Board if future reports on diversity could

B/7.2/11.09/JM

B/7.3/11.09/JM

- include mitigating actions where targets have not been met. .
- In line with good practice, information was included on the way diversity issues were addressed in the outputs of the Office, for example, the report on ‘supporting carers to care’. However, there appeared to be no mention of ‘home-working’ as a diversity issue.
 - While the report was interesting it was overly focused on form and process and could usefully set out more fully the aspirations of the Office in relation to diversity and thereby demonstrate the strong commitment.

Item 8

Update from the C&AG

8.1 The C&AG reported to the Board that:

- The C&AG had held meetings with five Permanent Secretaries and attended a Government Finance Profession meeting and conference in Brighton. Contacts with public servants were raising common issues for the NAO, in particular the challenge of delivering an improvement focused strategy while also meeting public accountability expectations. For public servants the ability to manage cost reduction effectively was a strategic issue. He reiterated his impression that he has very talented colleagues in the NAO and their interest and ability is achieving greater recognition externally.
- The Board noted that success could increase the risk that resources could be inadequate to deliver enhanced expectations. In balancing the level of resource the C&AG indicated the importance of the terms of any new work being in line with any

resource constraints.

- The NAO is recruiting some staff at a senior level as there is a need to increase the complement and diversity of background and knowledge of senior staff to support the new strategy.

Item 9

Any Other Business

9.1 Update on recant to 157 BPR

- The Board agreed that having heard from JR at Audit Committee earlier, there was no need to consider this matter further.

Recruitment of a further Non- Executive Member

- 9.2
- Interviews for the new Non-Executive Member were taking place in January 2010 with a view to an appointment being made in February.

9.3 Independent Performance Assessments of Regional Development Agencies

- The Board debated whether a formal resolution was required in order to authorise MW to agree the Memorandum of Agreement and execute the contract.

It was decided that as the Board had previously been made aware of the NAO's engagement in this matter and having been assured that there was sufficient resource available to meet the requirements of this project, the matter should be dealt with by the NAO, in the usual way.

Item 10

Date and time of next meeting

10.1 The next meeting of the Board, which was to be held on Tuesday, 25 January 2010 at 10.00am is to be re-arranged and the Board Secretary will notify the confirmed date to Board Members as soon as possible. B/10.1/11.09/JW

Pat Pattison

Nominee of the Secretary to the Board

24 November 2009

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Chair