

The Board
22 November 2011

Minutes

Present

Members

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

Attendees

Ruth Brutnall	RB	Head of Governance
Marcial Boo	MB	Director, Strategy, Knowledge and Communications
Jim Rickleton	JR	Director General, Finance and Commerce

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

Item 1

Apologies for absence

1.1 There were none.

Item 2

Declarations of interest

2.1 There were none.

Item 3

Minutes of meetings and action points

- 3.1 The minutes of the Board meeting held on 20 October 2011 were approved, subject to a small drafting change to paragraph 5.2. No sensitive items were identified which would affect their public disclosure, and the Board agreed to their publication on the NAO website.
- 3.2 Progress on action points was noted and it was agreed that those items marked 'propose delete' should be deleted from the action log. It was also agreed that the action log should be restructured to separate those 'Keep In View' items from other actions.

Matters arising

3.3 There were none.

C&AG's update

- 3.4 The C&AG presented his written report and provided an oral update on specific elements, including the confirmation of Sir Bob Kerlake's appointment as the Head of the Civil Service, the NAO's engagement with departments and HMT on the 2012 Audit Cycle which had provided an opportunity to engage with Accounting Officers on the NAO's wider work with departments, and the C&AG's on-going programme of visits to PAC members' constituencies. The Board also discussed the NAO's engagement with the PAC, and the Committee's continuing interest in the HMRC tax settlements issue.

Audit Committee

- 3.5 Mary Keegan provided an update on the proceedings of Audit Committee which had met that morning. The Committee had considered the short-list of recommended topics for the external auditor's value for money audit of the NAO, and its recommendation was that this should address the NAO's Financial Management. The Board agreed this recommendation, noting that the review should, as far as possible, utilise the NAO's own toolkit which it used to assess audited entities, to enhance the rigour of the review and demonstrate the NAO's commitment to 'practicing what it preached'. The Board also noted the Committee's suggestion that a report on the NAO's Knowledge Management be considered for next year, once the current programme of work in this area had been implemented.
- 3.6 MK reported that the Committee had also received a paper on the NAO's response to the Bribery Act, and that the Committee had requested further information on this matter to be provided in early 2012.

Item 4

Business Report & Quarterly Risk Report

- 4.1 The Board received the Business management Report and Risk Report for October.

Item 5

Budget Responsibility & National Audit Act - Preparatory Work

- 5.1 The Board received a paper providing an overview of the key activities and timescales for the work to ensure the Office was prepared for the Act taking full force with effect from 1 April 2012. The Board noted the activities which were in hand, and discussed a number of elements including the actions required to transfer staff contracts and other contracts to the new NAO with effect from 1 April 2012.

Item 6

Managing Our Stakeholder Relationships

6.1 Marcial Boo introduced the paper, which provided an overview of the feedback received from stakeholders in Parliament and audited entities via the Ipsos MORI survey of MPs and moderated feedback processes respectively, briefly outlining the methodologies for both processes. The Board considered a number of aspects of the paper, and discussed key points, including:

- the importance to the NAO of building and maintaining effective and professional relationships with its external stakeholders;
- the need to place the feedback in context to understand the reasons behind both positive and negative perceptions of the NAO by its stakeholders, and the need for the NAO to be open and responsive to feedback in shaping its future engagement with stakeholders in Parliament and government;
- acknowledgement that the nature of the NAO's role meant that there would always be an element of tension in its relationships with both Parliament and the entities it audits;
- the difficulty in balancing the requirements of stakeholders in audited entities and Parliament, and the ability of audited bodies to distinguish between the roles of the NAO and the PAC;
- the nature of the current PAC and how the NAO has responded to the change in membership and Chair following the 2010 election to ensure that the Office met the Committee's and Chair's requirements;
- the NAO's ability to engage with audited entities outside of the audit cycle, to enable the Office to gain greater insight into issues facing government organisations, and the need to provide to support to staff engaged in managing stakeholder relationships, and to better articulate the insights they develop as a result;
- the role of the Chairman and the Board in engaging with Parliament, and the potential for the Chairman to meet with members of TPAC and PAC to discuss the work and management of the NAO;

6.2 The Board agreed that it would be useful to consider this issue further and in particular to consider how the NAO had responded to the feedback. It was also agreed that the Board should also consider the results of the staff survey.

Action: Ruth Brutnall to ensure that the Board had an opportunity to consider this issue further at a future meeting.

Action: Ruth Brutnall to arrange for the Chairman to meet with selected members of the Public Accounts Commission and the Committee of Public Accounts.

Item 7

NAO Strategy

7.1 Marcial Boo presented the final draft of the NAO strategy, which had first been considered by the Board in October, and invited the Board's comment and approval of the strategy for submission to The Public Accounts Commission. The Board provided a minor drafting comment, and approved the strategy for submission to TPAC, subject to this point being addressed.

Action: Marical Boo to revise the draft to reflect the comments of the Board, prior to its submission to TPAC.

Item 8

Any Other Business

8.1 The Board received the following items for information:

- Draft minutes of the Remuneration Committee meeting, held on 20th October 2011;
- Update on performance against the financial impact target.

Ruth Brutnall

December 2011

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Chairman