



National Audit Office

The Board
3rd Meeting
27 October 2009

Minutes

Our vision is to help the nation spend wisely.

We promote the highest standards in financial management and reporting, the proper conduct of public business and beneficial change in the provision of public services.

The National Audit Office scrutinises public spending on behalf of Parliament.

The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of

Commons. He is the head of the National Audit Office which employs some 900 staff.

He and the National Audit Office are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

Our work leads to savings and other efficiency gains worth many millions of pounds: at least £9 for every £1 spent running the Office.

Present

Members

Andrew Likierman	AL	Chair – Non-Executive Member
Ruth Evans	RE	Non-Executive Member (attending by telephone conference call)
Mary Keegan	MK	Non-Executive Member
Richard Fleck	RF	Non-Executive Member
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

Julian Wood	JW	Director of Corporate Affairs (Board Secretary)
Theresa Crowley	TC	Head of Strategy and Research (Item 4)
Jim Rickleton	JR	Director General Finance and Commerce (Items 7 and 9.2)

Item 1

Apologies for Absence

1.1 There were none.

Item 2

Declarations of Interest

2.1 There were none.

Item 3

Minutes, Action Points and Matters Arising

3.1 Minutes

The Minutes of the meeting held on 22 September 2009 were approved, subject to amending Item 8.4 reflecting the appointment of Ruth Evans as Chair of the Remuneration Committee, not Audit Committee as previously stated.

3.2 Action Points

Action Point B/5.1/09.09/JR – MW explained the next stages of NAO business planning which would give effect to the NAO strategy, and also address the issues emerging from the Business Report.

Action Point B/9.3/09.09/JW – AL provided an update on the process to replace Joseph Pilling, who had stepped down from the NAO Board.

3.3 Matters Arising

There were none.

Item 4

NAO Strategy 2010 - 2011

4.1 Strategy - Update

AM provided a verbal update to the Board:

- The response to the NAO strategy continued to be positive. Members of PAC supported taking a more thematic approach to a proportion of our work programme and the NAO recognised the importance of maintaining appropriate reporting to the Committee. An enhanced approach to supporting the Committee had already been introduced.
- There was also positive feedback from within the organisation. The Board recognised the importance of ongoing communication with staff about the direction and implementation of the NAO strategy.

4.2

Policy Priorities

TC presented a presentation entitled 'The NAO and current policy agendas'. The Board discussion identified that:

- There were common policy priorities emerging, as well as differences of emphasis in political commentary and some policy areas.
- The NAO had a good body of expertise and work programmed in most policy areas, but it would be necessary to review the balance and timing of the emerging work programme as policy priorities changed.

- The NAO's expertise in reviewing the effective delivery of policy programmes would be effectively marshalled to address emerging policy issues through the strategic themes and through reviewing our emerging work programme to ensure our contribution matched the principles of our new approach while recognising that our work would address other issues in addition to emerging policy priorities. There could be merit in considering the development of a principles based approach.
- The NAO could usefully provide government with a professional understanding of best practice in the areas covered by our strategy and expertise. NAO analysis papers would be most helpful when setting out good practice in a considered but forthright fashion, with examples based on hard evidence.

It was decided that:

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|---|----------------|
| (1) The NAO would, through the planning process underway, evaluate the work programme in part against emerging policy priorities. | B/4.2/10.09/JW |
| (2) Consideration should be given to developing a principles-based framework to support a broader analysis of our work programme. | B/4.2/10.09/TC |
| (3) The NAO would, when timely and appropriate, produce analysis papers to inform government on good practice on particular issues where our expertise and professional knowledge could add most value. | B/4.2/10.09/AM |

Item 5

Board Objectives

5.1 JW presented a paper 'Suggested Objectives of the Board of the NAO' for discussion. The Board considered that:

- It was important for the Board to reflect its primary purpose as ensuring the effective corporate governance of the NAO, and its contribution to the strategic leadership of the organisation, in balance with the C&AG's independence. The Board also had particular responsibility for certain aspects of the NAOs work and resources, which needed to be considered.
- The Board should be seen to have an effect, internally and amongst external stakeholders through demonstrating its contribution and endorsement of the direction of the organisation as appropriate. It was important to emphasise the behaviours which the Board would adopt, particularly in developing an appropriate balance of advice and decision making.

The Board agreed that :

- The Chairman would consider the comments provided and develop a draft statement of objectives for consideration at the next Board meeting.

B/5/10.09/AL

Item 6

This item has been redacted under the Freedom of Information Act 2000

6.1 This item has been redacted under the Freedom of Information Act 2000, Section 33 Prejudice to Public Audit Function.

Item 7

Business Report

7.1 JR presented the monthly Business Report and informed the Board that:

- there were emerging challenges in delivering the value for money programme to time and cost and in ensuring the effective use of the full NAO resource budget.

The Board noted the Report and commented that:

- actions to reduce the time and cost of value for money studies were being taken, including greater standardisation and a focus on quantitative evidence to support evaluations
- all expenditure should be considered and its contribution to the NAO's objectives thought through. There were opportunities at the current time to invest in intellectual capital and capacity to support the implementation of the NAO strategy
- Cost recovery reflected agreed NAO policy and was an important goal. It would be important to maintain audit quality while moving to full cost recovery.

Item 8

Update from the C&AG

8.1 The C&AG reported to the Board on recent PAC hearings and his programme of meetings with senior stakeholders, including Permanent Secretaries and Members of Parliament. These meetings were useful opportunities to explain the NAO strategy

and understand a range of views on the NAO's priorities and approach.

Item 9

Any Other Business

9.1 Independent Performance Assessments of Regional Development Agencies

AM reported to the Board that:

- .work on the development of our approach to these assessments was ongoing, with a Memorandum of Understanding under preparation.

9.2 Update on recant to 157 BPR

JR reported to the Board that:

- good progress was being made on the refurbishment project, which was running on schedule and within the revised approved budget. The NAO would be moving back to the building following completion on 20th November and subsequent preparations.

9.3 Update on Pay and Performance for Directors

MW reported to the Board that:

- the performance management of Directors would be changing from January, bringing it further into line with the approach used for other NAO staff and in support of the strategic aim of delivering high performance.

9.4 Constitutional Renewal Bill

GC reported to the Board that:

- The Bill had received its second reading and would now proceed to Committee stage. It was unlikely that significant amendments would be made to the clauses related to the NAO's governance.

Item 10

Date and time of next meeting

10.1 The next meeting of the Board will be held on Tuesday, 24 November at 1.30pm following the meeting of the Audit Committee to be held at 11.00am

Julian Wood

Secretary to the Board

27 October 2009

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Chair