



National Audit Office

NAO BOARD MINUTES

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

Financial year 2017-18 – Board meeting

Room:	Blue Mezz 1
Location:	National Audit Office London, SW1W 9SP
Date:	18 January 2018
Time:	14:30-16:30

Members		
Rob Sykes	RSy	Non-Executive Member (Chair)
Amyas Morse	C&AG	Comptroller and Auditor General (C&AG)
Janet Eilbeck	JE	Non-Executive Member
Daniel Lambauer	DL	Executive Member, Strategy and Operations
Rebecca Sheeran	RSn	Executive Member, VFM
John Thorpe	JT	Executive Member, Financial
Clare Tickell	CT	Non-Executive Member
Attendees		
Kate Mathers	KM	Executive Leader, Financial
Stephen Smith	SS	Executive Leader, Financial
Max Tse	MT	Executive Leader, VFM Digital
Chloe Forbes	CF	Head of Corporate Affairs, Governance, and Strategy
Hafsa Khan	HK	Board Secretary
Tim Valentine	TV	Director, Finance
Adrian Jenner	AJ	Director Parliamentary Relations
Mark Allen	MA	Head of Legal and Policy
John McCann	JMc	Director, Parliamentary Relations
Susan Ronaldson	SR	Director, Engagement and Change
David Kellet	DK	Head of Human Resource Policy and Services
Geraldine Barker	GB	Director, Project Manager
Michael Bichard	MB	Observer
Apologies		
Ray Shostak	RShy	Non-Executive Member

Transactional Business:

Item 1

Welcome & apologies for absence

- 1 Rob Sykes (RSy), Senior Independent Director, chaired this Board meeting. Michael Bichard (MB) attended the meeting as an observer. MB was waiting for his Letters Patent to formally be issued which would reappoint him as Chair of the NAO for a further three years.
- 2 The Board welcomed Dame Clare Tickell (CT) who was appointed by the Public Accounts Commission on 10 January 2018 to the NAO Board.
- 3 The Board noted Rob Sykes and Ray Shostak's reappointment to the Board for an additional term.
- 4 Ray Shostak sent his apologies. For this meeting, John Thorpe (JT) and Daniel Lambauer (DL) stepped down as executive members to observe the meeting so that the Board remained quorate.

Declarations of Interest

- 5 There were no declarations of interest.

Minutes of the meeting of 16 November 2017

- 6 The Board approved the minutes of the meeting held on 16 November 2017 to be published on the external NAO website.

Matters Arising

- 7 There were no matters arising.

Action Log

- 8 The Board received its action log. There were three actions marked 'propose delete' since they have been completed. The Board agreed to delete these three actions from the action log.

Update from the Comptroller and Auditor General

- 9 The C&AG updated the Board on his activities since the last Board meeting:
 - Appearing as a witness, before the Public Accounts Commission, alongside MB and DL, on 12 December 2017 to discuss the NAO strategy 2018-19 to 2020-21.
 - Speaking at the CIPFA Central Government Conference where he discussed the recently announced Budget, EU Exit, cost reduction and transformation, prioritisation and strategic financial management.
 - Speaking at the Cabinet Office's event in Birmingham as part of Public Bodies week, discussing the potential impact of Brexit on public bodies.
 - Travelling to Scotland to appear before the Public Audit and Post-legislative Scrutiny Committee to discuss our report into *The administration of the Scottish Rate of Income Tax 2016-17*.
 - Meeting with Parliamentarians as part of the NAO's parliamentary relations strategy: Angus MacNeil MP (member of the Liaison Committee and Joint Committee on the National Security Strategy), Gillian Keegan MP (member of the Public Accounts Committee), Rt Hon Robert Halfon MP (member of the Liaison and Education Committees), Stephen Twigg MP (member of the Liaison

Committee and Joint Committee on the National Security Strategy) and Neil Parish MP (member of the Liaison Committee and the Environment, Food and Rural Affairs Committee).

10 The C&AG also noted the apt timing of the NAO's recent report on public finance initiatives.

Update on latest developments with PAC and Parliament

11 Adrian Jenner (AJ) informed the Board that for personal reasons, the Chair of the Public Accounts Committee, Meg Hillier MP would temporarily share chairing the Public Account Committee (PAC) sessions with Sir Geoffrey Clifton-Brown MP. Michael Bichard noted how the Chair of the Public Accounts Committee was complimentary about NAO staff and the C&AG supporting the PAC during this time.

12 AJ told the Board that the NAO hosted an event for PAC members. The event had a successful turnout of nine MPs. They had engaging discussions with a selection of NAO directors.

13 MB told the Board that the Public Accounts Commission evidence session, on 10 January, to agree the appointment of Dame Clare Tickell went well.

Good Governance:

Item 2 – Review of the non-executive directors roles on Committees

14 The Board agreed to move this item for discussion at their meeting in March.

Item 3 – Audit Committee

15 Janet Eilbeck (JE) updated the Board about the Audit Committee's meeting on 15 December 2017. There were three items the Board discussed:

- i. Cyber Security: The Board noted the date for Microsoft to brief the non-executive members, and independent member of the Audit Committee, on cyber security.
- ii. Audit Committee self-assessment of performance: JE had struggled to find a comprehensive analysis of what a good audit committee looks like so used the NAO's guidance on self-assessment of Audit Committees. She will work with Kate Mathers to refresh this guidance.
- iii. Performance of the external auditor in 2016-17: JE and DL had a constructive feedback meeting with the Engagement Partner.

16 The Board approved the topic of the external value-for-money review in 2018, *Contract Management*. The Board will receive the external review results in September 2018.

17 The Board approved the proposed changes to the Audit Committee's Terms of Reference.

Item 4 – Business Report and Risk Register

18 Tim Valentine (TV) introduced the Business Reports for December 2017. TV discussed the forecasted financial impacts. The Board encouraged directors to review their audit portfolios to see if there were any further impacts.

19 Mark Allen (MA) presented the Risk Register. This month's Register included an additional schedule to show the relative scores of the risks included in the Register. The Board agreed that this was useful and MA should continue to include this in the Register.

20 There were two changes to the Register:

- A new risk *O6 Staff Allocations* was added to the register;
- *O1 Capacity* had changed from 'amber' to 'green'.

21 TV also informed the Board that the December payroll run went smoothly and significant progress had been made in recent months, and thanked the HR and Finance team for their hard work.

Item 5 – NAO Laptop Review

22 Angus Waugh (AW) presented the procurement business case for the refresh of NAO laptops and outlined the procurement exercise. The Board approved the business case.

Item 6 – Code of Conduct 2018

23 David Kellett presented the revised 2018 code of conduct and the Board approved it.

24 The Board noted the Register of Interests of the Non-executive and Executive members of the NAO Board. Board Members agreed to send any changes to the Board secretary to update accordingly.

Operational Insight:

Item 7 – People Survey

25 Susan Ronaldson (SR) presented the results of the 2017 People Survey. The Board discussed the differences in scores between clusters and the resulting actions in four areas: resourcing and allocations; change Management; communications and knowledge; and our people.

Item 8 – Board Objectives for self-assessment

26 DL introduced the Board's objectives for its self-assessment and accompanying the action plan. The Board approve the action plan. DL will work with the Board Secretary to implement the actions.

27 The Board also agreed that they would use these objectives to assess its progress and performance in the coming year.

Strategic Business:

Item 9 – NAO Estimate 2018-19

28 Chloe Forbes (CF), and Tim Valentine (TV) presented the first draft of the *NAO Estimate Memorandum 2018-19* and *NAO Main Supply Estimate 2019* documents.

29 The Board advised CF and TV that there should be enough capital budget to allow the necessary security enhancements to be made to the building to protect against security threats.

30 CF and TV advised the Board that they would be invited to approve the *NAO Estimate Memorandum 2018-19* and *NAO Main Supply Estimate 2019* online (BoardPacks) in early February.

Item 10 – Strategic Discussion – Project and programme management

31 Geraldine Barker (GB), and Rebecca Sheeran (RShn) presented the Board's strategic discussion on project and programme management. The Board discussed the following:

- GB introduced the paper by providing the Board with a brief history of the delivery of projects in Government and used examples from four NAO reports: *The Millennium Dome (2000)*, *Modernising the West Coast Main Line (2006)*, *The Defence Major Projects Portfolio (2012-13)*, *New generation electronic monitoring (2017)*. She also mentioned how the NAO has reported for over 30 years on the performance of the Ministry of Defence in delivering its major projects.
- GB told the Board how the NAO has developed its approach since 2009 towards government projects by creating the Delivering Major Projects cluster which focusses on the departments responsible for delivering the biggest and riskiest projects, and having a dedicated Project Delivery team to support the whole office. She also told the Board about other approaches such

as: how value for money reports are being undertaken at important stages to ensure that the NAO reported during the life of a project, and audited bodies can adopt recommendations; a variety of products such as deep dives, and lessons learned reports; commentary on systemic issues; and a more consistent approach to auditing major projects.

- Drawing from deep dive value for money reports, the NAO has grown a catalogue of publications, which draw together lessons and recommendations, and have led to more consistent and targeted messaging. For example, *Initiating successful Projects (2011)*, *Lessons from rail infrastructure programmes (2014)*, and *Framework to review programmes (2017)*.
- Going forwards, the challenges to address are: the impact of EU Exit, the role of assurance, and the increased focus on using infrastructure projects to drive growth and increase productivity.
- GB concluded the discussion by telling the Board about the vision and mission of the Project Delivery team and how they will measure the NAO's success of its strategic aims.

32 The Board found the discussion insightful, and endorsed GB, and RShn's strategic approach in this area of work.

Date and time of next meeting:

Thursday 22 March 2018, 14:30-16:30