



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:	16 November 2017
Time:	14:30-16:30

Members		
Michael Bichard	MB	Chair
Amyas Morse	C&AG	Comptroller and Auditor General (C&AG)
Rob Sykes	RSy	Non-Executive Member
Ray Shostak	RSh	Non-Executive Member
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
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
Rob McCall	RMc	Senior Business Architecture
Louise Bladen	LB	Director, VFM PQ
Apologies		
Abdool Kara	AK	Executive Leader, VFM Local Services

Transactional Business:

Item 1

Welcome & apologies for absence

1 The Chair, Michael Bichard (MB), welcomed members to the Board meeting held at the London Office on 16 November 2017. For this meeting, Rebecca Sheeran stepped down as an executive member to observe the meeting so that the Board remained quorate.

2 Abdool Kara sent his apologies.

Declarations of Interest

3 There were no declarations of interest.

Minutes of the meeting of 19 October 2017

4 The Board approved the minutes of the meeting held on 19 October 2017 to be published on the external NAO website.

Matters Arising

5 There were no matters arising.

Action Log

6 The Board received its action log. There was one action marked 'propose delete'; which was to circulate the NAO Strategy 2018-19 to 2020-21 to the Board in advance of its meeting on 16 November. The Board agreed to delete this action as this had been completed.

7 The Board noted that the appraisal meetings between the Non-executive Directors and the Chair had been scheduled.

Update from the Comptroller and Auditor General

8 The C&AG updated the Board on his activities since the last Board meeting. He informed the Board about his visit to Dublin to meet with the Auditor Generals of other UK and Ireland audit institutions. He also said he spoke at a conference held by the Society of Local Authority Chief Executives (SOLACE).

9 The C&AG said he has continued his work to strengthen the NAO's relationships with MPs and had had meetings with Mary Creagh MP (Chair of the Environmental Audit Committee), Rt Hon Hilary Benn MP (Chair of the Committee on Exiting the European Union), and The Rt Hon Michael Gove MP (Secretary of State for Environment, Food and Rural Affairs). He also had meetings with several Accounting Officers including with John Manzoni (Cabinet Office), Philip Rutnam (Home Office), Clare Moriarty (Defra) and Jonathan Slater (Department for Education).

Update on latest developments with PAC and Parliament

10 Adrian Jenner (AJ) informed the Board that a motion had been laid in Parliament for the formation of the Public Accounts Commission. Once the motion had been approved, the Commission would confirm the date of the evidence session to discuss the NAO's strategy for 2018-19 to 2020-21, he said. AJ said by the end of the calendar year, the C&AG would have met 14 out of 17 select committee chairs and the Office continued to make progress against our strategy to support Parliament.

Good Governance:

Item 2 – Remuneration and Nomination Committee

11 The Board approved the 2018 programme of work for the Remuneration and Nominations Committee.

12 The Board received the minutes of the Remuneration and Nominations Committee. The Remuneration and Nominations Committee chair requested a change to the wording in paragraph 11. The Board Secretary agreed to re-write this specific paragraph.

13 MB said he attended the Core Strategic Services (CSS) Cluster stand-up, where Daniel Lambauer stressed to the Office about how seriously the Office handles bullying and harassment.

Item 3 – Business Report and Risk Register

14 Tim Valentine (TV) introduced the Business Reports for October 2017. TV said forward allocation rates had improved but remain below target. The Board also discussed the financial impact target and Executive Leaders agreed to continue to work with their teams to agree their cluster's financial impacts with audited bodies as soon as possible.

15 Daniel Lambauer (DL) presented the risk register. There were four changes on the risk register:

- A new risk *FR9 General Data Protection Regulation* was added to the register;
- Two risks had moved from 'amber' to 'green';
 - *F2 Commercial exposure* ; and
 - *MP2 BIP benefits realisation*;
- *F3 Payroll - move to external provider* moved from 'green' to 'amber'.

16 The Board discussed the payroll supplier's performance.

17 The Board discussed the risk-scoring matrix and the Legal and Policy Team will review matrix used and report to the Board.

Item 4 – Re-letting the BIP contract with Financial Force

18 Daniel Lambauer (DL) described the processes followed to arrive at the recommendation to re-contract with our supplier of business planning and operational management software. In line with the requirement set out in Board's Terms of Reference to approve any contracts above £500,000, the Board agreed to the contract's renewal.

Item 5 – Annual Quality Report 2016-17, and Transparency Report 2016-17

19 Kate Mathers (KM) and Louise Bladen (LB) presented the annual quality 2016-17 and transparency 2016-17 reports.

20 KM and LB said delivering high quality work to meet the C&AG's statutory obligations to Parliament while also providing real value to those we audit, remained a cornerstone of our strategy. They described the results of our quality assessments and summarised performance in our financial audit and value for money work as well as other non-financial audit work. The Board reviewed and approved the 2016-17 Annual Quality Report.

21 KM said the NAO Transparency Report 2016-17 was prepared so the NAO complies with Statutory Auditors (Transparency) Instrument 2008. The Board reviewed and approved the Report for 2016-17.

Operational Insight:

Item 6 – Board Objectives

22 The Chair introduced his draft Board objectives against which he wanted the Board to assess its progress.

23 The Board agreed to the Chair's proposed Board objectives, and agreed that Rob Sykes, as the senior independent director, would work with an executive member on the Board, nominated by the Comptroller and Auditor General (C&AG), to agree how the Board would drive forward progress against these objectives.

Strategic Business:

Item 7 – NAO Strategy Report 2018-19

24 Chloe Forbes (CF), and Tim Valentine (TV) presented the final draft of the tPAC strategy document, *NAO Strategy 2018-19 to 2020-21*. As agreed at the October Board meeting, the Board received, via correspondence, a further draft of tPAC strategy document. The final draft reflected the changes that the Board suggested at its meeting in October and changes to version circulated via BoardPacks.

25 No further changes were put forward to CF and TV; and the Board approved the tPAC strategy document, *NAO Strategy 2018-19 to 2020-21* to be submitted to tPAC (upon the approval of the motion passed in Parliament of the Commission's formation).

Item 8 – NAO programme of work 2018-19, Q1 and Q2

26 Chloe Forbes (CF) introduced the NAO's programme of work for quarters 1 and 2 of the next financial year 2018-19. The Board received the main themes in the work programme at their meeting in October, and the papers for this meeting set out further details on the major themes that the 2018-19 work programme will cover.

27 The Board endorsed the NAO's programme of work, where the main themes discussed were around health and local services.

28 Following this discussion, the Board noted the NAO programme of work, quarters 1 and 2 of 2018-19.

Item 9 – The NAO's Digital Strategy

29 Max Tse (MT), Daniel Lambauer (DL), and Rob McCall (RM) presented the NAO's Digital Strategy to the Board. This NAO Digital Strategy 2017-2020 replaces the previous Strategy for NAO Digital Services: 2015-2017. DL said through this strategy, the vision is to offer a secure and well-integrated digital environment, which enables the NAO to deliver its strategic objectives. The strategy comprises three core pillars; digital audit, information driven, cloud based architecture and is supported by guiding principles – that digital services must be: secure, simple and agile, user oriented and of long-term value.

30 A number of points were discussed:

- The Board noted that for the Business Improvement Programme (BIP), there was an increased the level of user engagement, and this engagement should continue. The Leadership Team were encouraged to endorse the change culture as the NAO continues to be a data-led organisation.
- Much of the discussion referred to the effect of digital audit techniques on the way the NAO carries out its audit, and the potential effect on quality.
- Whether the Office has the resources to deliver the digital audit processes and tools to drive forward the Digital Strategy; and how the Board could support the re-investment of the savings made from delivering digital audits.

- The Board agreed that they would come back to the Digital Strategy at later meeting (to be scheduled) to report back on the progress made against the Digital Strategy.

31 The paper was well received by the Board, and the Board thanked MT, DL, and RM for an insightful discussion.

Date and time of next meeting:

Thursday 18 January 2018, 14:30-16:30