



National Audit Office

NAO BOARD MINUTES

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

Financial year 2018-19 – Board meeting

Room:	Blue Mezz 1
Location:	National Audit Office London, SW1W 9SP
Date:	19 April 2018
Time:	14:30-16:30

Members		
Michael Bichard	MB	NAO Chair
Amyas Morse	C&AG	Comptroller and Auditor General (C&AG)
Janet Eilbeck	JE	Non-Executive Member
Rob Sykes	RSy	Non-Executive Member
Dame Clare Tickell	CT	Non-Executive Member
Ray Shostak	RShk	Non-Executive Member
Daniel Lambauer	DL	Executive Member, Strategy and Operations
Kate Mathers	KM	Executive Member, Financial
Attendees		
Rebecca Sheeran	RShn	Executive Leader, VFM
John Thorpe	JT	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
Helene Morpeth	HM	International Liaison and Governance Manager
Tim Valentine	TV	Director, Finance
Mark Allen	MA	Head of Legal and Policy
John McCann	JMc	Director, Parliamentary Relations
Antonia Gracie	AG	Audit Manager
Hannah McNicholl	HMc	Director, External Relations (Via video conference)
Hafsa Khan	HK	Board Secretary
Apologies		
Abdool Kara	AK	Executive Member, VFM Local Services

Transactional Business:

Item 1

Welcome & apologies for absence

1 Michael Bichard (MB) welcomed members to the Board. He confirmed that the executive members of the Board for the financial year 2018-19 were Daniel Lambauer (DL), Kate Mathers (KM) and Abdool Kara (AK).

2 Abdool Kara (AK) sent his apologies for this meeting.

Declarations of Interest

3 There were no declarations of interest.

Minutes of the meeting of 22 March 2018

4 The Board approved the minutes of the meeting held on 22 March 2018 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 were two actions marked 'propose delete', having been completed. The Board agreed to delete these two actions from the action log.

7 The Secretary confirmed that there was a date scheduled for the non-executive directors to receive a training session on the new EU General Data Protection Regulations (GDPR).

Update from the Comptroller and Auditor General

8 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 21 March 2018 to discuss the NAO Estimate 2018-19. The Commission approved the NAO's Main Estimate for 2018-19.
- Speaking at the Audit and Risk Assurance Committee Chairs' Network.
- Meeting with several Accounting Officers to discuss the NAO's work including: Sir Jeremy Heywood (Cabinet Secretary), Sue Owen (Department of Culture, Media and Sport), Claire Moriarty (Department for Environment, Food, and Rural Affairs), Jonathan Slater (Department for Education), Bernadette Kelly (Department for Transport), Melanie Dawes (Ministry of Housing and Local Government), and Phillip Rycroft (Department for Exiting the European Union).

Update on latest developments with PAC and Parliament

9 The C&AG told the Board that he has continued to strengthen the NAO's relationships with MPs, and had conversations with Nicky Morgan (Chair, Treasury Committee) and Rosie Cooper (Health and Social Care Committee).

Good Governance:

Item 2 – Remuneration and Nomination Committee Update

10 The Board received the minutes of the Remuneration and Nomination Committee meeting held on 22 March 2018. RShk recapped the Committee would like to sign-off the EL goals by the end of April.

Item 3 – Annual Report and Accounts 2017-18

11 Helene Morpeth (HM) presented the first draft of the Annual Report and Accounts 2017-18 ('the report'). The Board agreed that the tone of the report was acceptable, and HM should continue to draft the report in the format presented. The Board agreed to include a narrative on the number of complaints received by the NAO.

12 Chloe Forbes (CF) presented the paper on the wider impacts, which would be part of the report. The Board approved the shortlist of wider impacts but suggested that for next year the NAO make sure that the wider impacts showcase as much as possible the beneficial effects of our work for services users and taxpayers. The Board also made some suggestions of wider impacts that they would hope to come through into next year's report.

13 The Board received two options for the design and layout of the report, and the Board agreed to Option A which incorporated bold photography and colourful iconographies.

Item 4 – Business Report and Risk Register

14 Mark Allen (MA) presented the risk register for April 2018. There were no changes to the risk register since the Board received the register at their meeting in March 2018. The Board agreed that they should only receive the register when there is a six-week gap between board meetings.

15 Tim Valentine (TV) and John McCann (JMc) presented the Business Reports for April 2018. TV discussed the forecast outturn, financial impacts, and the major outputs. TV informed the Board that the budget was accurate and was investigating the cluster accountability underspend. TV confirmed that his team were undertaking further work to improve clusters' management of cash budgets.

16 The Board thanked the team for successfully continuing to manage the correspondence targets.

Operational Insight:

Item 5 – Client Feedback

17 Hannah McNicholl (HMc) presented the Ipsos MORI Client feedback 2017 report. The report was the second year where information was gathered using the format presented, so a comparison was made according to last year's results.

18 The report showed that the NAO has continued its strong relationship with its audited bodies, however there was scope for improvement. On Financial Audit, there was little change compared with 2016 regarding overall FA quality and whether the FA drove improvement. The Board thought that the scores on the feedback for value for money reports could have been higher, and DL confirmed that improving all client feedback scores continues to be an area of focus for the Office.

19 HMc informed the Board of the NAO's response to the Financial Audit, Value for money, and Investigation scores; some of which included both practical and strategic responses such as providing training courses, further discussions with Quality Leads, and encouraging collaboration between teams.

20 The Board encouraged staff to build on the proposed responses to see improvements for next year's results.

Item 6 – Draft Board Strategy Agenda

21 The Board received the draft agenda for the Board Strategy Day that is due to take place in September 2018. The Board agreed the agenda on the basis that the day would include a discussion on internal succession planning of the new Comptroller and Auditor General and on value management.

Strategic Business:

Item 11 – Strategic Discussion: Accountability

22 Antonia Gracie (AG) introduced the presentation of the NAO's work on aspects of accountability in government. The key points discussed were:

- The NAO's 2016 report Accountability to Parliament for taxpayers' money had helped by reviewing the state of accountability systems in government, and setting out and refining the basic principles of effective accountability. It has been widely referenced and continues to feed through into much of our work since then, for example, accountability for delivery in the case of outsourcing, or oversight of Arm's Length Bodies.
- AG set out some examples from this wider body of work, where we have found unclear or weak accountability, or gaps between government silos that leave no one accountable for outcomes, which is often at the root of failure.
- There was a discussion about the crucial role of Accounting Officers (AOs) in providing accountability to Parliament, and ways in which our work can support them.
- AG outlined some of the impacts of our work to date, including the greater transparency provided by the new Accounting Officer System Statements. The NAO has had a range of requests for support from different parts of government around accountability, and continues to work collaboratively with HM Treasury to improve the quality of accountability systems.
- The Board were clear that this was an important area of work and fundamental to long-term improvement in government. MB stressed that this work sets the framework for all other work the NAO undertakes and was keen to see what evidence there is that the NAO's work is influencing those in government to think and behave differently when it comes to their duty of accountability. Reflecting on their own experience of government, Board members agreed that it is still very common to see "fuzzy" accountability arrangements, or cross-cutting programmes where no one appears to be accountable, and this is often at the heart of later problems.
- The Board asked about engagement with HM Treasury and the C&AG confirmed that support from the Treasury AO has been consistently good. Board members were keen that this theme should continue to be given priority with potentially further resources, and asked to see ideas for follow-up and further work.

23 The Board concluded by thanking AG for an insightful, and thought provoking discussion.

Any Other Business

24 The Board approved the changes to its Terms of Reference to reflect the change to the number of meetings from eight to six.

Date and time of next meeting:

Thursday 28 June 2018, 14:30-16:30