



National Audit Office

NAO BOARD MINUTES

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

Financial year 2018-19 – Board meeting

Room:	St James and Trafalgar
Location:	Regus 25 Sackville Street London, W1S 3AX
Date:	24 January 2019
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
Kate Mathers	KM	Executive Member, Financial
Abdool Kara	AK	Executive Member, VFM Local Services
Daniel Lambauer	DL	Executive Member, Strategy and Operations
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
Maria-Christina Eskioglou	MCE	Head of Strategy, Corporate Affairs and Governance
Tim Valentine	TV	Director, Finance
John McCann	JMc	Director, Parliamentary Relations
Helene Morpeth	HM	International Liaison and Governance Manager
Chris Leonard	CL	Head of Internal Communications
Hafsa Khan	HK	Board Secretary

Item 1 – Transactional Business

Welcome & apologies for absence

1 Michael Bichard (MB) welcomed members to the Board meeting at the Regus in Mayfair, London. The NAO London Office had no heating, water, or cooling facilities from the day before, so alternative arrangements had been made. Daniel Lambauer (DL) assured the Board that the facilities were being fixed and was due to go back to the Office after the Board meeting to check progress.

Declarations of Interest

2 There were no declarations of interest.

Minutes of the meeting of 26 November 2018

3 The Board approved the minutes of the meeting held on 26 November 2018 to be published on the external NAO website.

Matters Arising

4 There were no matters arising.

Action Log and programme of work

5 The Board received its action log and programme of work. There were no actions to delete.

Update from the Comptroller and Auditor General

6 The Comptroller and Auditor General (C&AG) provided the Board with an update on his activities since the last Board meeting:

- The Chair, C&AG, and Daniel Lambauer presented the NAO's Strategy to the Public Accounts Commission on 18 December and was duly approved. They will appear again before the Commission in March to discuss the NAO estimate.
- The Leadership Team undertook scenario planning for how our value for money and financial audit work programme may be impacted under different Brexit outcomes. These discussions would continue with the NAO's Directorate in a follow-up to their Senior Management Conference.

Update on latest developments with PAC and Parliament

7 The C&AG gave evidence with Joshua Reddaway (NAO Director) to the Work and Pensions Select Committee on the topic of Universal Credit. The C&AG also attended a joint Work and Pensions and Treasury Committee session on our report into Motability alongside Stephen Smith (NAO Executive Leader) and Louise Bladen (NAO Director).

Item 2 – Update on planning for the next Comptroller and Auditor General

8 Helene Morpeth (HM) provided the Board with an update on the plans and implementation of the transition for the next C&AG. Gareth Davies is the preferred candidate to be the next C&AG, and the Board met him before the Board meeting. The Board endorsed the implementation plans.

9 HM noted to the Board that Gareth attended a pre-appointment hearing with the PAC on 16 January, in advance of the C&AG motion being moved by the Prime Minister on the floor of the House. The latter was scheduled for 6 February, and Gareth will take up post on 1 June on receipt of letters patent from HM the Queen.

Item 3 – Code of Conduct 2019

10 John McCann (JMc) presented the annual code of conduct to the Board. The Board asked JMc to redraft the sections on staff engagement regarding speaking events about political matters, and the use of social media, to make the Code clearer.

11 The Board approved the Code of Conduct subject to the amendments discussed.

Item 4 – Gender Pay Gap 2018 report

12 JMc presented the Gender Pay Gap 2018 report to the Board. The Board recommended that the Diversity and Inclusion Strategy should also be integrated within the report.

13 The Board endorsed the report.

Item 5 – Update from the Audit Committee

14 The Board received an update from the Chair of the Audit Committee.

Item 6 – External audit value for money study

15 The Board received the Audit Committee's recommendation for the external audit value for money study for 2019. The Committee recommended that the study should be on 'NAO's Impact Reporting'. The Board agreed the proposed topic.

16 The Board also agreed that the non-executive members should be involved in the study.

Item 7 – Business report and risk register

17 Daniel Lambauer (DL) presented the risk register to the Board.

18 Tim Valentine (TV) discussed the underspend against the NAO's budget (mostly as a result of lower staff numbers than planned), however actions were in place to address this before year-end.

Item 8 – People Survey results 2018

19 Chris Leonard (CL) presented the results of the annual people survey. A number of points were discussed:

- The Leadership Team acted on the people results from last year, and the Board were assured that the necessary actions to improve the visibility of the Leadership Team will take place.
- The scores for 'change and transformation' had improved and this was due to the dedicated and specialist engagement, and support for large change projects.
- The Board were pleased to discuss that the NAO had continued to compare well with the Civil Service, particularly with 'employee engagement', 'pay and benefits' and 'organisational objectives', all being at least 10% above the benchmark. However, the Board were concerned that the NAO is below the Civil Service benchmark for resources and workload.
- The Board discussed the differences of the scores between the Office's confidence in the decisions made by the directorate and the Leadership Team.

Item 9 – NAO Estimate Memorandum 2019

20 Maria-Christina Eskioglou (MCE) and TV introduced the first draft of the NAO Estimate Memorandum and Main Supply Estimate 2019-20. The Board had drafting comments and MCE assured the Board that the Estimate will be proof-read before it is submitted to the Public Accounts Commission and the Public Accounts Committee.

21 TV alerted the Board to a possible increase in employer pension contribution rates for participation in the Civil Service Pension Scheme. TV did not have sufficient information to budget for these yet and warned the Board that this will create a significant impact to the budget and will inform the Board if this is the case.

22 Subject to the amendments, the Board will approve the NAO Estimate Memorandum and Main Supply Estimate 2019-20 via email correspondence.

Item 10 – Cyber Security Deep Dive

23 The Board approved the direction of travel on the NAO's work on cyber security, and endorsed the information provided to them. The Board were reassured by the NAO's diligence and protocols on cyber security.

Any Other Business

Item 11 – Design of Annual Report and Accounts 2018-19

24 The Board received and approved the design layout for for the 2018-19 Annual Report and Accounts.

Date and time of next meeting:

Thursday 28 March 2019, 14:30-16:30