



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:	Thursday 28 June 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
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
Adrian Jenner	AJ	Director, Parliamentary Relations
Tim Valentine	TV	Director, Finance
Mark Allen	MA	Head of Legal and Policy
John McCann	JMc	Director, Parliamentary Relations
David Timmins	DT	Salesforce Developer
Paul Grindle	PG	Technical Delivery Manager
Vicky Cox	VC	Head of Facilities
Meredith Brown	MBr	Human Resource Specialist
Nikki Measures	NM	Human Resource Specialist
Hafsa Khan	HK	Board Secretary
Apologies		
Abdool Kara	AK	Executive Member, VFM Local Services
Daniel Lambauer	DL	Executive Member, Strategy and Operations

Transactional Business:

Item 1

Welcome & apologies for absence

- 1 Michael Bichard (MB) welcomed members to the Board.
- 2 Abdool Kara (AK) and Daniel Lambauer (DL) sent their apologies for this meeting.

Declarations of Interest

- 3 There were no declarations of interest.

Minutes of the meeting of 28 June 2018

- 4 The Board approved the minutes of the meeting held on 28 June 2018 to be published on the external NAO website.

Matters Arising

- 5 The Board ratified the approval of the Annual Report and Accounts 2017-18, circulated to the Board for approval via email correspondence.
- 6 The Board thanked the C&AG for managing the EU's General Data Protection Regulation (GDPR) well. The Chair had said that the non-executive directors had a GDPR training session before the Board meeting where the Head of Policy and Legal Advice, and the Head of Correspondence told the Board about the changes, and how the NAO was managing these new changes inline with the law. The non-executive directors were impressed with the thoroughness of the work involved.

Action Log

- 7 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.

Update from the Comptroller and Auditor General

- 8 The Board congratulated the C&AG on the signing of the accounts thus far, and for the reports published so far. The C&AG updated the Board on his activities since the meeting:
 - Completing the NAO's first financial audit of the BBC group financials statements on 21 June, where the C&AG certified the accounts in the presence of the BBC Board. He told the Board how proud he was of the team, and that the BBC Board Secretary shared some warm words about the NAO's professionalism.
 - Speaking at several high profile events to raise the profile of the Office and our work, including: the MJ future forum on 27 April, to discuss challenges faced within local government; the LGA Social Care conference on 15 May, highlighting our work on social care; the Whitehall Industry Group on 6 June about why the public sector needs private and third sector skills, experience and capacity more than ever; and the Public Sector Show on 26 June on the topic of value of money.
- 9 The Board commented on the NAO report, *Rolling out Universal Credit*, and congratulated the C&AG for a thought-provoking report. The C&AG said that the teams involved prepared well for the press coverage that would follow.
- 10 The Chair thanked the C&AG for his update, but suggested that the fact-based report provided that go alongside the verbal update in the meeting should also reflect the C&AG's thoughts.

Update on latest developments with PAC and Parliament

11 Adrian Jenner (AJ) provided the Board with an update from Parliament, and recent work with the Public Accounts Committee. The C&AG met with Chris Grayling (Secretary of State for Transport), as well as continuing to attend a full programme of Public Accounts Committee evidence sessions. The C&AG was also invited to provide evidence to the Environment Committee on the subject of environment governance.

Good Governance:

Item 2 – Audit Committee Update

12 Janet Eilbeck (JE) provided the Board with an update from the Audit Committee meeting held on 12 June 2018. She said that ahead of the Board's approval of the Annual Report and Accounts 2017-18, the Audit Committee signed off the accounts having reviewed it thoroughly.

Item 3 – Business Report and Risk Register

13 Mark Allen (MA) presented the latest risk register for June 2018. The Board agreed to remove the following risks from the register below:

- *F1 – NAO's financial statements are qualified*
- *F3 – Payroll move to external provider*
- *GP3 – Devolution – local*

14 The Board discussed whether to increase the probability score for the risk, *FR2 Audit Quality (value for money and investigations)*, and agreed to increase this score based on the results of the recent cold reviews that showed that some studies did not meet the value for money (VFM) standards fully. The C&AG said his personal intervention on value for money studies as well as the new Leadership Team's rational and logical approach would continue to maintain overall quality with value for money study guidance compliance.

15 Tim Valentine (TV) and John McCann (JMc) presented the Business Reports for June 2018 which set out performance for the year to end May and include targets for the 2019-20. TV said forward allocation rates had fallen again, with all but one team now below target. He stressed it was important for staff allocations to be accurate on our Office systems. TV said that this would be discussed at the Operational and Capability Committee to ensure that enough was being done.

Item 4 – HCM Plus Business Case

16 JMc, David Timmins (DT), and Paul Grindle (PG) presented the business case for replacing the NAO's existing human capital management (HCM) systems in the 2018-19. DT and PG confirmed that this would not have a negative effect on the current system. JMc had told the Board because of the limited resources in HR, it was important that the right system was put in place to ease the burden off of HR staff. JMc explained that the team had undertaken a detailed analysis of the risks, and concluded that these risks would be mitigated with the appropriate action. The Board received details of these risks in the paper which included the functionality, the product's users, integration with the current system, and trading concerns.

17 Upon reviewing the information received, and the presentation from JMc, PG, and DT, the Board approved the HCM plus business case.

Item 5 – Review NAO Policies

18 JMc, and Vicky Cox (VC) presented the health and safety policy, the annual health and safety report 2017-18, and the environmental policy. The Health and Safety annual report included a report from an

external security consultant company that had recommendations to improve the security arrangements to the London Office to safeguard staff. The Board were pleased that these arrangements were in place.

19 The Board approved the health and safety policy, and the environmental policy.

20 The Board agreed to review these policies every three years, subject to any changes to a policy before its three year review whereby the Board would be notified of any changes.

Operational Insight:

Item 6 – Non-executive directors phasing

21 The Chair (MB) discussed that continuity for the non-executive directors was important. Both RSh, and RSy said that they would prefer to stay on the NAO Board for a full second term of three years. The Chair agreed to meet outside of the Board meeting to discuss the continuity of the non-executive directors.

Action: The Board secretary to follow up with the Chair.

Item 7 – Cluster accountability and strategic review process

22 TV presented a paper on the cluster accountability and strategic review process for the 2017-18 financial year. TV briefly discussed the main themes from the review process – the cluster structure, audit quality, value for money quality, pipeline of investigations work, the Office's value management agenda, people and skills and compliance – what the strategic themes clusters intended to focus on in 2018-19.

23 The Board discussed promoting and sharing best practice between clusters, and sharing ideas at cluster director meetings. Learning from each other would resolve some of the issues that some clusters are facing, where others are not. The Board discussed whether it would be useful to have business managers in clusters helping directors.

24 In future papers, the Board also said they would like to see more evidence based cross comparison between clusters to see how they would perform against various metrics rather than a purely discursive narrative. This might include greater exposures to the underlying data sets that were used by executive leaders in the team review meetings and more specificity about the targeted intervention that are being taken.

Strategic Business:

Item 8 – Diversity and Inclusion Strategy 2018-2021

25 JMc, Meredith Brown (MBr), and Nikki Measures (NM) presented the Diversity Strategy 2018-2021. A number of points were discussed:

- The diversity strategy was last approved in 2015, and it focussed on three pillars: growing a diverse talent pipeline; creating an inclusive work environment; and highlighting diversity issues in our external work. The new strategy focusses on two: growing a diverse talent pipeline and creating an inclusive work environment. The Board queried why the external NAO work was not included in the new strategy and the Chair thought that the new strategy focussed on HR rather than the NAO as a whole. MBr said it was due to the new strategy focussing on internal matters and the C&AG said diversity and inclusion issues would still feature in this non-financial audit programme where necessary. The Chair said the topic of diversity and inclusion should, in future, be 'business as usual', so it was important that the message from the third pillar was not lost. The C&AG assured the Chair that this would not be the case.
- Although the new strategy focussed on BAME, gender progression, and creating a disability confident environment, KM suggested that the strategy needed to include a focus on LGBT. In light of KM's suggestion, the Board agreed that MBr would include a reference to LGBT in the

strategy.

- MBr emphasises that with an increase of awareness about social mobility, it was important that the NAO recognised this in their recruitment campaigns. MBr said that 50% of staff had filled in the social mobility questionnaire on the system and she would prefer if more staff had completed this. This would help to gather data as to where MBr should focus for a greater beneficial effect.
- The Board were happy to mentor staff, and that MBr should call upon the non-executive directors and senior management where necessary.
- The non-executive directors agreed to complete a training module called, *Unconscious Bias*, on the NAO's training system.

Action: Board Secretary to provide the non-executive directors access to the training module, *Unconscious Bias*.

26 The Board concluded by thanking JMc, MBr, and NM for an engaging discussion.

Any Other Business

Item 9 – Board Strategy Day Agenda

27 The Board received the final draft of the agenda for the Board Strategy Day, and suggested to add the words 'and actions' to the last item to close the day.

Date and time of next meeting:

Board Strategy Day – Thursday 13 September 2018, 10:00-16:30