



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 157-197 Buckingham Palace Road London, SW1W 9SP
Date:	28 March 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
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
Mark Allen	MA	Head of Legal and Policy advice
John McCann	JMc	Director, Parliamentary Relations
Helene Morpeth	HM	International Liaison and Governance Manager (observer)
Corinna Gilles	CG	Head of Learning and Development
Jonny Mood	JM	Audit Manager, Brexit
Hafsa Khan	HK	Board Secretary
Apologies		
Abdool Kara	AK	Executive Member, VFM Local Services

Item 1 – Transactional Business

Welcome & apologies for absence

1 Michael Bichard (the Chair) welcomed members to the Board meeting at the NAO's London Office. He thanked Daniel Lambauer (DL) and the facilities team for their work in rectifying the power issues in the office's basement, in late January.

Declarations of Interest

2 There were no declarations of interest.

Minutes of the meeting of 24 January 2019

3 The Board approved the minutes of the meeting held on 24 January 2019 to be published on the external NAO website.

Matters Arising

4 The Board ratified the extension of Martin Smith's appointment as the independent external member of the NAO's Audit Committee to 31 May 2020.

5 The Board ratified the NAO's 2018-19 wider impacts which they had approved via online correspondence.

Action Log and programme of work

6 The Board noted its action log and programme of work.

Update from the Comptroller and Auditor General

7 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 2019-20 Estimate to the Public Accounts Commission on 26 March 2019. The Estimate was duly approved.
- The C&AG informed the Board about the NAO's learning week, Learnfest, which took place in March, and offered a full programme of learning and development across a breadth of subjects delivered by internal and external speakers. The C&AG reported he had delivered sessions in London and Newcastle reflecting on his time as C&AG.
- The C&AG attended the Scottish Parliament in Holyrood to give evidence to their Public Audit and Post-legislative Scrutiny Committee on the NAO's recent report on Scottish Income Tax.
- The C&AG continued to meet with government department accounting officers to undertake annual review meetings.

Update on latest developments with PAC and Parliament

8 Adrian Jenner (AJ) provided the Board with an update on the NAO's work with Parliament. AJ also reported on Nicky Morgan's attendance as a keynote speaker during Learnfest.

Item 2 – Update on from the Remuneration and Nominations Committee

9 Dame Clare Tickell (CT) provided an update from the Remuneration and Nominations Committee which had taken place in the morning, before the Board meeting. She reported the Committee had discussed the performance and remuneration of the Leadership Team, Leadership Team goals for 2019-12 and the NAO's pay award for 2019-20. The Committee had also discuss Director appraisals in 2018.

10 The Board approved the C&AG's recommendation that Daniel Lambauer, Max Tse and Stephen Smith should be the executive members of the Board from 01 April 2019 to 31 March 2020. The Board noted that Stephen Smith would be a regular attendee of the NAO Audit Committee, as the leadership team's finance representative, during his tenure on the Board.

Item 3 – Update from Audit Committee

11 JE provided the Board with an update of the Audit Committee on 05 March 2019. She reported the NAO will claim a financial impact of about £540 million versus a target of £675 million. The Board noted the main reason why the target would not be met was the time it is taking for the Department of Work and Pensions (DWP) to adjust its payments to eligible claimants of the Employment and Support Allowance (EVA). The Department has agreed that the work of the NAO has led them to identify errors in calculating entitlements and they are now in the process of correcting these. However, the NAO only reports impacts which have been realised once the payments have been processed by DWP, the timing of which is outside of NAO's control. DL assured JE that there were actions to improving the targets next year by learning lessons from 2018.

12 JE reported the Committee had approved the internal audit strategy and programme of work for 2019-20, and there were no issues to bring to the Board's attention arising from the external auditor's interim findings report.

Item 4 – Register of Interests

13 The Board received the members' register of interests. They were asked to inform the Board Secretary of any updates to their respective entries on the register.

14 Once complete, the Board agreed to publish its register of interest online to maintain openness and transparency.

Item 5 – NAO Board Internal Evaluation 2018-19

15 Corinna Gilles (CG), Head of Learning and Development, and Hafsa Khan (HK) provided a high level overview of the results of the Board's annual internal evaluation. The process had been for members to complete a questionnaire which provided the Board with an opportunity to identify ways to improve and develop the Board's effectiveness. The Chair proposed that the actions arising from the evaluation should be discussed at the next Board Strategy Day, together with the next C&AG. The Board agreed that Rob Sykes (RSy) and DL should take forward the necessary preparations together with CG.

16 The Board agreed that it would conduct its external evaluation in 2020-21 by which time the next C&AG will have been in post for 12 months.

Item 6 – NAO Board programme of work 2019-20

17 The Board received its programme of work for the financial year 2019-20. Member were invited to identify any specific areas of future focus and report these to the Board Secretary.

Item 7 – NAO Board compliance with terms of reference

18 The Board received its compliance review against its terms of reference in 2018-19 as prepared by the Board Secretary. The Chair reported the Board would discuss Board skills as part of the Board Strategy day.

Item 8 – Business Report and Risk Register

19 Mark Allen (MA) presented the risk register to the Board. One new risk, *GP5 Brexit*, had been added since the Board last received the register. The Board agreed to remove the risk *GP2 Devolution – national*, but asked MA to keep *FR8 – Transition management*, until the arrival of the next C&AG.

20 Tim Valentine (TV) presented the business reports. TV informed the Board about the increase in analyst resignations, and DL assured the Board that there was an analyst recruitment campaign in train, and a comprehensive development programme to ensure analysts develop their careers at the NAO.

Item 9 – Income and Expenditure 2019-20

21 TV reported that the planned income and expenditure for 2019-20 was consistent with the approved Estimate. It was also consistent with the allocation of resources to the NAO's programme of work. The latter had been refreshed during January as part of a recent strategic review. Progress against the work programme will form the basis of formal accountability monitoring of clusters by the Leadership Team throughout the year.

22 The Board endorsed this item.

Item 10 – Strategy Discussion: Brexit

23 Jonny Mood (JM) provided the Board with an update on the NAO's work on UK's exit from the European Union.

24 The Board endorsed the direction of travel of the NAO's work in this critical area. The Board discussed the next phase of the Exit process, and any implications to consider for the financial statements of the organisations the NAO audits.

25 The Board discussed the potential implications on its future work in this area as the UK moves into a new stage in the negotiations with the EU.

26 The Board thanked JM for an insightful presentation and helpful discussion.

Any Other Business

27 The Board noted Hafsa Khan had resigned from the NAO with effect from end April. They thanked her for the excellent service she has provided as Board Secretary and wished her a successful professional career in her new role. The Board noted Helene Morpeth would take on the role of interim Head of Governance until a competition is launched in the autumn.

Date and time of next meeting:

28. The Board noted Thursday 25 April 2019, 14:30-16:30