



**Meeting held on 23 January 2030 from 14:00 to 16:30
157-197 Buckingham Palace Road, London SW1W 9SP**

Present		
Michael Bichard	MB	Chair
Gareth Davies	C&AG	Comptroller and Auditor General (C&AG)
Janet Eilbeck	JE	Non-Executive Member
Rob Sykes	RSy	Non-Executive Member
Ray Shostak	RShk	Non-Executive Member
Daniel Lambauer	DL	Executive Member, Strategy and Operations
Max Tse	MT	Executive Member, VFM and Digital
Attendees		
Kate Mathers	KM	Executive Leader, Financial Audit
Rebecca Sheeran	RS	Executive Leader, VFM
Chloe Forbes	CF	Head of Strategy and Corporate Affairs
John McCann	JMcC	Director HR
Tim Valentine	TV	Director Finance
Helene Morpeth	HM	Head of Governance and Risk

Transactional Business

Welcome and Apologies for absence

- 1.1 Michael Bichard (MB) welcomed members and attendees to the meeting.
- 1.2 MB reported apologies for absence had been received from Clare Tickell and Stephen Smith.
- 1.3 MB thanked the executives for arranging a helpful non-executive briefing / 'teach in' on NAO's MESH practice, immediately prior to the Board meeting.

Declaration of Interests

- 1.4 There were no additions or changes to declarations of interest.

Minutes of the last meeting

- 1.5 The Board approved the minutes of the meeting held on 21 November 2019 including their publication on the NAO's external website.

Matters arising

- 1.6 The Board noted the strategy hearing with the Public Accounts Commission (TPAC) was likely to take place at the end of February 2020 following the appointment of the members to the Commission earlier in the month.
- 1.7 The Board noted that the annual evaluation of the Chair's performance had been completed by Rob Sykes in his capacity as Senior Independent Director.

- 1.8 The Board noted the appointment of Helene Morpeth as Head of Governance and Risk (and Board Secretary) following an open competition concluded in December 2019.

Action Log

- 1.9 The Board noted the log contained six open actions all of which were in hand for completion by their respective due dates.

C&AG update

- 1.10 The C&AG provided his update on key events since the last meeting. The Board noted:
- New Local Audit Code: the C&G had approved, for publication, the new Local Audit Code which would come into force on 1 April 2020. The new Code had been subject to two public consultations to inform the changes required. The new Code would apply to the audits of the financial statements of local bodies from 2020-21 onwards.
 - Redmond review: the latest developments on Sir Tony Redmond's review of local authority financial reporting and external audit.
 - NAO strategic review: the staff engagement at the whole of office conference and, separately, with NAO trainees, to reflect on what has been said to date both internally and externally as part of the consultation on the new strategy.
 - External engagement: the C&AG's engagement with senior stakeholders across government.
 - Panel of External Auditors of the United Nations: the C&AG had chaired the Panel meeting hosted by the President of the Supreme Audit Institution of Germany in December 2019.
 - NAO's programme of work: progress on the publication of NAO outputs since the general election.

Parliamentary update

- 1.11 Adrian Jenner (AJ) provided a verbal update on latest developments in Parliament including the Royal Assent of the Withdrawal Act and progress on the election of the chairs to the select committees. He added that the first meeting of the Committee of Public Accounts (PAC) is expected to be held week commencing 24 February 2020.

Strategic insight

Strategy for serving the new Parliament

- 2.1 AJ presented a discussion paper on plans for serving the new Parliament following the outcome of the general election. He set out the key features of the legislative programme over the next 18 months including longer term priorities. The Board noted that some of the areas for discussion in the parliamentary paper had already been covered by the Board at their strategy day the previous week.
- 2.2 The Board considered influencing strategies for working with individual MPs, with PAC and with the wider Parliament. The Board discussed the most appropriate channels for reaching out to the intake of new MPs as quickly as possible to demonstrate the breadth and depth of NAO's work. The Board recommended extending NAO's influencing strategy to cover the House of Lords.

Operational insight

Annual People Survey Results

- 3.1 Susan Ronaldson (SR) presented the results of the annual People Survey which had taken place in December 2019 resulting in a high completion rate of 81%. She explained that the engagement score had been maintained from the prior year and the results also showed that NAO people remain highly interested and motivated in their work. However scores had dropped in all other areas of the survey.
- 3.2 The Board concluded that though the scores were concerning they were not surprising and were aligned with the issues identified as part of the consultation with staff on the strategic review. The C&AG added that the issues raised by the survey would be covered by the proposed areas of focus in the organisational development plan. It was agreed that the implications of the strategic review on people development should be discussed at the next meeting of the Remuneration and Nominations Committee.

Action: HM to liaise with the Chair of RemCo to arrange a discussion on people development at the next RemCo meeting.

Code of Conduct

- 4.1 John McCann (JMcC) presented the draft 2020 Code of Conduct for approval by the Board ahead of its publication to the office. He explained the Code sets out a series of key standards and responsibilities for staff and non-executives. The Code reinforces the core values and standards that underpin the NAO's work and provides a reference point for decisions and courses of action in carrying out statutory and professional responsibilities. He thanked the non-executives for their helpful comments which will be reflected in the published Code. He added that he intends to review the current structure of the Code later in the year and he will engage with the Board in due course to seek their views on the proposed changes.
- 4.2 The Board approved the 2020 Code of Conduction for publication on NAO's intranet and on the external website.

Gender pay gap report

- 5.1 JMcC presented the annual Gender Pay Gap report setting out key figures from the analysis of 2019 figures including key drivers for the pay gap. He reported on key actions agreed by the Leadership Team which includes improving the representation of women in senior roles and achieving a 50:50 gender balance in NAO's trainee intake.
- 5.2 The non-executives noted the actions to improve the gender pay gap however asked for more radical actions to be presented to the Board to facilitate a follow up discussion. The Board also recommended pro-actively learning from best practice in organisations similar to the NAO.

Action: JMcC to present more radical options for narrowing the gender pay gap, for Board discussion at a future meeting.

Good governance

Business Reports and Strategic Risk Register

- 6.1 The Board received the monthly business report including the actions taken to address the financial impacts target since the last meeting. The Board discussed the financial position noting the current underspend against NAO's annual budget which was due to an increase in resignations pre-Christmas.
- 6.2 Helene Morpeth (HM) presented the strategic risk register to end December 2019 including changes to the number of risks on the register since the Board's last review in October 2019. HM reported the register reflected on-going discussions by the Leadership Team on staff survey results, the outcome of the Brydon review and findings from client feed-back. HM informed the Board of proposed improvements to the risk register such as incorporating a time frame and trajectory to bring risks down to their target level. The Board endorsed the proposed improvements.

Manned Guarding and Reception contract

- 7.1 The Board approved the extension of the NAO's Manned Guarding and Reception contract noting the current contract was approved in April 2016 for a duration of four years with the possibility of two-1-year extensions. The Board based its decision on management's assessment of the performance of the company in relation to all the significant components of the contract noting a full procurement exercise was not required at this point in time.

Use of the NAO seal

- 8.1 Tim Valentine (TV) reported that the lease for the sub-let of the vacant office space in Blue 3 zone had been signed by the C&AG. He reported that the next step, which is in hand, is to formally obtain a license to sub-let from Network Rail (from whom the NAO leases BPR). He added that when this formality has been completed, Network Rail require the license to sub-let to be sealed with the NAO seal. In line with the protocol on the use of the NAO seal, the Board will be notified when a document has been sealed.
- 8.2 It was agreed the Board would be notified of all future lettings of office space so that they would be informed, at the same time, of the likely application of the NAO seal once the necessary formalities had been completed.

Annual report and Accounts

- 9.1 Chloe Forbes (CF) provided a verbal update on the timeline for the 2019-20 Annual Report and Accounts and associated corporate publications. She reported that a project brief would be sent to the Board via correspondence.

Action: HM to send the project brief for the 2019-20 Annual Report and Accounts via email.

Chair succession campaign

- 10.1 Helene Morpeth (HM) updated the Board on the timeline for the Chair's succession campaign following the delay to the start of the campaign due to the general election. The Board discussed the dependency of the Chair's campaign with the succession for the two non-executive positions that fall vacant at the end of 2020. The Board recommended that the timeline for the NED campaign should be brought forward.

Action: HM to discuss with Michael Bichard the feasibility of bringing forward the NED succession campaign.

Board calendar

- 10.2 The Board noted the calendar of Board meetings in 2020-21 including the calendar of key NAO corporate events. The Board requested the calendar should be updated to include the meetings of the sub-Committees to the Board.

Action: HM to update the Board calendar by including the meetings of the sub-Committees of the Board.

Feed-back

- 10.3 The Chair sought feed-back on the conduct of meeting. The non-executives re-iterated the helpfulness of the pre-meeting briefing. The Board agreed the new strategy would provide a helpful framework to shape future Board discussions.

Date of the next meeting

- 10.4 The Board noted 26 March 2020.

