

**Board Minutes of meeting held on 23 March 2021**

Meeting held on 23 March 2021 from 10:00 to 12:30 hrs.

Via MS Teams

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| **Members** |
| Dame Fiona Reynolds | FR | Chair |
| Sir Martin Donnelly | MD | Non-Executive Member |
| Janet Eilbeck | JE | Non-Executive Member  |
| Gaenor Bagley | GB | Non-Executive Member  |
| Dame Clare Tickell  | CT  | Non-Executive Member  |
| Gareth Davies | GD | Comptroller and Auditor General  |
| Daniel Lambauer | DL | Executive Director responsible for Strategy and Resources |
| Kate Mathers | KM | Executive Director responsible for Financial Audit service line |
| Rebecca Sheeran | RS | Executive Director responsible for Value for Money service line |
| **Attendees:**  |  |  |
| Abdool Kara | AK | Executive Director responsible for People |
| Elaine Lewis | EL | Executive Director responsible for Financial Audit Quality Assurance  |
| Max Tse | MT | Executive Director responsible for Knowledge |
| Jonathan Bayliss | JB | Senior Analyst Corporate Strategy and Advice Team item (3.2) |
| Jennifer Brown | JB | Parliamentary Relations Manager (item 3.1) |
| Meredith Brown | MD | Diversity & Inclusion Specialist (item 4) |
| George Crockford | GC | Head of Reporting (item 5.2) |
| Chloe Forbes | CF | Head of Strategy  |
| Sian Jones | SJ | Director, Centre group (item 2) |
| Abigail Marshall-Bailey | AB | Lead on Annual Report (item 5.1) |
| John McCann | JmcC | Director of HR (item 4) |
| Sade Philipps | SP | Head of Finance and Procurement (item 5) |
| Nigel Terrington | NT | Director of Strategy - covering for Helene Morpeth, Head of Governance and Risk  |
| Tim Valentine | TV | Director Finance (item 5) |

**Transactional Business**

Welcome

* 1. The Chair, Dame Fiona Reynolds, welcomed members and attendees to the meeting.

Apologies for absence

1.2 Apologies were received from Helene Morpeth, Head of Governance and Risk.

Declaration of Interests

* 1. There were no additions or changes to declarations of interest.

Minutes of the last meeting

* 1. The Board approved the minutes of the meeting held on 23 January 2021.

Matters arising

1.5 The Board noted that the Public Accounts Commission had approved the Strategy update document and NAO’s Estimate for 2021-22 at the Commission’s evidence session on 2 March 2021.

Action Log

1.6 The Board noted there were nine actions on the log of which four were complete and they agreed their deletion from the log. The Board noted the remaining five actions were in hand for completion by their due dates.

General (C&AG) Update

1.7 The Board received the C&AG’s update since the last meeting noting:

* Value for money work programme: the office is continuing to deliver its programme of work on government spending on the pandemic and has published five more reports relating to COVID-19 since the last Board meeting. These have supported effective accountability and scrutiny by Parliament, for example the Committee of Public Accounts (PAC) report on Test and Trace services. The C&AG was interviewed for the BBC’s Panorama programme on 15 March, covering the government’s procurement of personal protective equipment in the first wave. In addition, the office has maintained a strong programme of value for money studies on other key areas of risk to public money and is increasing its publication of knowledge products, with three of these since the last Board. The office is currently considering topics of future reports in its work programme planning. Non-executive members were briefed on the approach to work programming at their induction session on 11 March.
* Update on Audit Completion: all departmental accounts for the 2019-20 financial year have been certified. The office is working closely with HM Treasury on the 2020-21 timetable and expect the 2020-21 main departmental deliveries completed in 3 phases: those prior to the summer recess, those by October 2021; and those by December 2021. The office intends to return the main departmental audits to a pre-summer recess timetable for the 2021-22 financial year, subject to any prolonged impact of the pandemic.
* Public Accounts Committee: the C&AG has attended thirteen PAC sessions ranging from the Ministry of Defence’s provision of single living accommodation to the government’s management of its plans to achieve net zero emissions. The CA&G gave evidence to the Scottish Parliament’s Public Audit and Post-legislative Scrutiny Committee on his report on the Scottish Rate of Income Tax.
* Public Accounts Commission: together with the Chair and Daniel Lambauer, the C&AG presented the Estimate and update to the office’s strategy for the coming year to the Commission on 2 March. The Commission subsequently approved the Estimate.
* Financial Audit Quality Plan: the first Financial Quality Plan was launched at the end of January. The first meeting of the Audit Quality Board will take place on 23 March, including agreeing its terms of reference and how the office will monitor the implementation of the Financial Audit Quality Plan.
* Future Working: the Future Working group is examining how we develop new working arrangements that build on what we have learnt in the pandemic about remote working and the relative benefits and costs of remote and office-based working. The group is currently consulting extensively with staff and will seek the Board’s input to help shape the new arrangements.
* Race Equality Action Plan: The office has rolled out workshops provided by Business in the Community to all staff grades, to encourage open and honest conversations about race equality and deepen a collective understanding to support an environment of greater inclusion. It was recognised that this is a first step and that the Action Plan sets an expectation of on-going positive actions.

**Delivery**

2NAO COVID-19 programme of work

2.1 Sian Jones presented the provisional findings of a forthcoming report on initial learning from the office’s COVID-19 reports to date. The report draws on the breadth of the NAO’s work on the government’s response to the COVID-19 pandemic and identifies and consolidates 18 learnings under six themes. The Board held a wide-ranging discussion giving their perspective on the approach, particularly emphasising the relationships between efficiency and resilience and the need for long term learning.

**Impact**

3. Ipsos Mori survey of MPs

3.1 The Board discussed the findings from the Ipsos MORI annual survey of MPs presented by Daniel Lambauer and Jennifer Brown. The survey results were positive with MPs overall more favourable to the NAO over the past year, despite an environment of remote working. The office has plans to enhance engagement further, building on recent workshops with select committees and tailored communications to members. The Board noted and agreed the suggested actions including increased targeting with information customised to members’ constituency and other interests, as appropriate.

Developing NAOs strategic foresight

3.2 Daniel Lambauer presented the draft plan on the office’s approach to strategic foresight, outlining the proposed benefits to enhance relevance and reduce risk. The Board welcomed a focus on long-term strategic foresight but cautioned that it needed to be relevant and value-adding to the NAO. The Board noted that efforts to explore longer term issues should be proportionate and advised that it would be better to select themes and carry out focused work so that we can build an approach that is fit for the NAO’s purposes.

**Action: Daniel Lambauer and Nigel Terrington to shortlist strategic foresight issues on which we can do more focused work to understand their relevance to, and potential impact on, the NAO.**

**People**

4. Diversity and Inclusion strategy

4.1 Abdool Kara presented the draft four-year diversity and inclusion strategy which is aligned with the NAO strategy and sets out four key priority areas: proactively strengthening the diversity of our pipeline; maximising the potential of all our people; building a culture of inclusion and respect for others; and setting clear ambitions and holding ourselves to account. The draft provides an assessment of progress and acknowledges that we have further to go to achieve the vision of an NAO which values an increasingly diverse workforce and which fosters a culture of inclusion and respect. The Board discussed the structure and content of the draft strategy, noting in particular that the relative balance of terminology needed further consideration; and that neurodiversity was under-emphasised in the draft compared with other similar strategies.

 **Action: Abdool Kara to reflect the Board’s comments in finalising the report.**

4.2 Diversity and Inclusion annual report

Abdool Kara updated the Board on the draft report. The Board welcomed the draft and supported its direction. The Chair emphasised the NAO’s commitment to becoming an exemplar organization for diversity and inclusion.

**Business Reports/Strategic Risk Register**

5NAO Annual Report and Accounts

5.1 Daniel Lambauer presented the proposed outline and design concept of the Annual Report and Accounts. Max Tse reported that examples of the NAO’s impact would be provided throughout the report to reflect the various forms of impact the office has achieved. The Board commented positively on the outline and key messages and noted the need for the report to be an exemplar report given the office’s role, drafted in an engaging, transparent and concise way so that it is as accessible as possible to a wide-ranging audience. The Board also noted that the report should highlight the various ways in which the NAO achieves positive influence and improvements in public services.

**Action: Daniel Lambauer to ensure the Board’s comments are reflected in finalising the report draft. Wider impact case studies to be shared with the Board via correspondence.**

5.2 Performance Framework

The Board discussed and noted the results of the balanced scorecard to the end of February, including the achievement of the office’s financial impacts target for 2020, the new approach to the people survey and the impact of disruption relating to the COVID-19 pandemic on the achievement of the target to spend a minimum of 80% of the office’s expenditure on audit work. The Chair thanked George Crockford for his work in developing the scorecard and wished him well in his new secondment.

**Action: Daniel Lambauer and Nigel Terrington to provide an induction session for the Board on the NAO’s performance framework.**

5.3 Strategic risk

 The Board received and discussed the updated status on strategic risks as at end of February and requested that risk appetite should be added to future versions of this report so that the gap between intent and performance is clear. The Board noted changes to risk scoring since the last meeting. Following suggestions from the Audit Risk and Assurance Committee, the Executive Team will now ensure that the increased costs of meeting increased quality standards for financial audit is fully reflected and, separately, how best to reflect the commitment to inclusion when the new diversity and inclusion strategy is finalised.

**Action Daniel Lambauer and risk team to reflect the Board’s comments for future versions of the risk report**.

**Governance**

6. Board Self-assessment

6.1 The Board discussed the findings from the 2020-21 self-assessment, noting that the priorities identified needed to reflect the views of the new members, and be forward-looking. Themes identified from the review were for the Board to be more strategic, better at drawing on expertise and skills for the benefit of the office; to continue with continuous improvement based on relationships of trust; and to engage more effectively with the office.

**Action: The Chair to work with Helene Morpeth to provide clear objectives for the Board arising from the self-assessment.**

6.2 Review Board terms of reference

 The Board noted the outcome of the annual review of compliance against the Board’s terms of reference and agreed that compliance, other than for two items of divergence (the external evaluation of the Board’s performance and the requirement to update to the Code of Practice between the C&AG and the NAO), both of which are in hand in the Board’s forward programme.

**Action: The Board agreed that the next external evaluation should be in early 2022.**

6.3 Update from Board committee

 The Board received a verbal update from Janet Eilbeck on the Audit Risk and Assurance Committee held on 4 March noting that it covered inductions for new non-executive members and a detailed discussion on risk, led by the risk management team. Clare Tickell gave an update from the recent Remunerations and Nominations Committee held on 9 March noting that it also covered induction for new non-executive members, and that members wanted to acknowledge the positive leadership provided by Executive Team in the difficult circumstances of the last year.

6.4 Executive Board Membership

 The Chair confirmed that Daniel Lambauer, Elaine Lewis and Abdool Kara are appointed as the executive members of the Board in 2021-22.

**Any other Business**

7. Feedback and reflections

7.1 The feedback from the Board was positive both in terms of quality of papers and discussions. The Chair gave her appreciation for the papers being more focused and said the Board was determined to be strategic and add value.

7.2 Future Working group.

The C&AG gave an update on future intended ways of working, noting that subject to confirmation from the Government that restrictions will ease as planned on Monday 29 March, the office will reopen to those who need to work there for welfare reasons. A dedicated project team is continuing to examine how we develop new working arrangements that build on what we have learned and the relative benefits and costs of remote and office-based working and that the team is consulting extensively with staff.

**Action: Daniel Lambauer and Susan Ronaldson to update the NAO Board in May on the plans for future working arrangements.**

7.3 Date and time of next meeting

 The Board noted the next meeting would take place on 8 June 2021.