

The Board
27 February 2014

Minutes

Present

Members

Andrew Likierman	AL	Chair - Non-Executive Member
Amyas Morse	AM	Comptroller and Auditor General (C&AG)
Gabrielle Cohen	GC	Executive Leader
Naznin Coker	NC	Non-Executive Member
Gillian Guy	GG	Non-Executive Member
Mary Keegan	MK	Non-Executive Member
Michael Whitehouse	MW	Chief Operating Officer

Apologies

Paula Hay-Plumb	PHP	Non-Executive Member
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Attendees

Toni Whitby	TW	Interim Head of Governance	
Gurdip Juty	GT	Financial Controller	(Items 2, 3 and 6.1)
Tim Valentine	TV	Financial Management	(Items 2, 3 and 6.1)

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

Item 1

Good Governance: Minutes and Conflicts of Interest

Apologies for Absence

- 1.1 The Chairman noted that apologies had been received from Paula Hay-Plumb.

Declarations of Interest

- 1.2 There were none.

Appointment of Executive Members of the Board

MW, GC and TW left the room for the discussion on this item.

- 1.3 The C&AG recommended the re-appointment to the Board of Executive Members Michael Whitehouse and Gaby Cohen for a term of 1 year.
- 1.4 The Board approved the appointment of Executive Members Gaby Cohen and Michael Whitehouse.
- 1.5 C&AG would propose a third Executive Member to the Board at the March Board meeting. The Board agreed to the Executive Member vacancy until the next Board meeting.

Action: *The Board would appoint the third Executive Member, upon the recommendation of C&AG, at the March Board meeting. (C&AG)*

Good Governance: Minutes of Meetings, Action Points, Matters Arising and the C&AG's report

- 1.6 The minutes of the meeting held on 16 January 2014 were approved. No sensitive items were identified which would affect their public disclosure, and the Board agreed to their publication on the NAO website.
- 1.7 Progress on the action points was noted.

Matters Arising

- 1.8 There were none.

C&AG's Update

- 1.9 The C&AG presented his written report to the Board and invited the Board's comments and questions. He highlighted his recent meetings with various NAO stakeholders which had been to discuss budgets and financial management.

Update on Audit Committee

- 1.10 GG provided an oral update from the morning's Audit Committee. The meeting had started with a briefing session on Information Assurance led by Steve Williams. The Audit Committee had reviewed the 9 month resource accounts and considered the external auditor's interim management letter, noting that once Terms of Reference had been agreed these would be put to the Board for approval. Peter Wood, Director of Internal Audit & Assurance, had given the Audit Committee an update on the status of the internal audit programme to 31 March 2014.

Update on our relationship with PAC and Parliament

- 1.11 GC provided an oral update on the recent PAC hearings. NAO staff had recently attended an away-day with PAC, to discuss the format of meetings and the programme of hearings prior to the General Election in 2015.

Item 2

Good Governance: Business Report and Risk Report

- 2.1 The Board received the January Business Report and stated that the management commentary was very helpful. The Board expressed concern that the gross audit fee deficit for 2013-14 was now £430,000 compared to an estimate of £300,000. Maggie McGhee, Director of Practice and Quality, was reviewing Clusters staff mix and the audit approach adopted for 2014-15 and it was expected that there would be a significantly better performance in 2014-15.
- 2.2 The Board considered the January Risk Report, noting that Enterprise Risks would be discussed in detail at the Board Strategy Day.

Item 3

Management and Use of Resources: NAO Estimate and Supporting Memorandum for 2014-15 NAO Budget

- 3.1 The Board received the NAO Estimate and Supporting Memorandum for the 2014-15 NAO Budget which would be submitted to The Public Accounts Commission (TPAC) in advance of the hearing on 18 March.
- 3.2 The Board noted the reduction in costs in the areas of support of international work and Value for Money, which no longer had external consultancy expenditure.

- 3.3 The Board approved the NAO Estimate and Supporting Memorandum subject to an amendment to *Figure 1* depicting the figures for 2013-14 and 2014-15.

Action: *The wording to Figure 1 in the NAO Estimate would be amended and the Approved NAO Estimate and Supporting Memorandum would be circulated to the Board. (MW)*

NAO Approved Services

- 3.4 The Board received the paper on NAO Approved Services noting the underlying rationale for the 2014-15 NAO Budget.

Item 4

Support and Advice: NAO People Engagement

- 4.1 The Board considered the NAO Staff Pulse Survey and Employee Engagement Update. The Board noted that the increased effort which had gone into explaining to staff the strategy, the rationale for change and the new ways of working were providing positive.
- 4.2 Further work to engage with staff would be undertaken as well as reviewing alternative approaches in the style of communication. Four staff engagement surveys were planned for the year; one of which would be the annual survey, three of which would be pulse surveys. The timing of the surveys would be reviewed to ascertain when staff were more likely to be in the office, rather than off-site auditing.

Action: *GC would review the styles of internal communications and the timing of staff surveys.*

- 4.3 A Leadership Team training event has been organised for March which would focus on leadership style and people engagement.

Item 5

Good Governance: NAO Board Strategy Day

- 5.1 The Board noted the items for discussion at the NAO Board Strategy Day on 21 March which will concentrate on Enterprise Risks and Horizon Scanning.
- 5.2 Papers for discussion at the Board Strategy Day would be circulated to the Board beforehand.

Action: *The Board Strategy Day agenda was agreed and supporting papers would be circulated to the Board before 21 March. (TW)*

Item 6

Any Other Business

The Board received the following papers under any other business:

- 6.1 The NAO Business Plan for 2014-15, noting that it would be available with interactive links on Merlin. Clusters would then be able to see how their work plans aligned with the NAO Business Plan. The Board would like to see how the online Business Plan's interactive links would work in practice and GC would arrange for the Board to have a demonstration on how the links would work.

Action: *A demonstration would be given to the Board on how the online Business Plan's interactive links would work. (GC)*

- 6.2 The Board received the note on the benefits of Transformation. The Board felt that the NAO's investigations into the increasing integration and connectivity between Government Departments could be highlighted in the Annual Report next year. The Board noted that a framework for assessing the realisation of the Transformation in 2014-15 for Clusters would be discussed at the Leadership Team's Meeting in March and incorporated into a Transformation progress report for the Board in May.

Action: *The framework for assessing the realisation of the Transformation would be incorporated into a Transformation progress report for the Board meeting in May. (MW)*

- 6.3 The Board noted the Board Dates for 2015.

- 6.4 The Board noted the appointment of John Thorpe as Environmental Champion for the NAO.

- 6.5 The Board met with Robert White, Matthew Rees, Peter Wood and Gurdip Juty.

Toni Whitby

February 2014