

**Wales Audit Office Board**  
**Minutes of the meeting on Wednesday 16 and Thursday 17 March 2022**

**Members:**

Lindsay Foyster	Chair and non-executive member
Adrian Crompton	Chief Executive and Auditor General for Wales
Alison Gerrard	Non-executive member and Chair of the Remuneration & HR Committee
Adam Marshall	Elected employee member
Anne Beegan	Elected employee member (save for items 5 and 6)
David Francis	Non-executive member and Senior Independent Director
Elinor Gwynn	Non-executive member (Thursday 17 March 2022)
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee
Kevin Thomas	Appointed employee member and Executive Director of Corporate Services (EDCS)

**Apologies:** Elinor Gwynn (Wednesday 16 March 2022)

**In attendance:**

Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Katherine Drysdale	Board Secretary (minutes)
Catryn Holzinger	Future Generations Manager (item 4)
Matthew Hockridge	Head of Planning & Reporting (items 10-14)
Nicola Evans	Head of Finance (item 14)

**Observers:**

Diane Morgan	Change Project Manager (items 5 – 16)
Sue Henry	Business Support Officer
Victoria Walters	HR Learning partner
Joe Hargreaves	Senior Manager, PricewaterhouseCoopers (for internal audit review)

Item	Agenda
1.	Chair's welcome and apologies for absence
2.	Declarations of interest
3.	Five-year strategy / KPIs
4.	Sustainable Development: embedding the principle in decision making
5.	Review of minutes: Board meetings 07 January 2022 and 26 and 27 January 2022
6.	Review of action tracker
7.	Report of the Chief Executive and Auditor General
8.	Corporate Services Restructure: appointment of Board Secretary and designation of Data Protection Officer
9.	Chair's update
10.	Five-year strategy: approval of the way forward
11.	Report from the Audit & Risk Assurance Committee February 2022

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12.	Annual Plan 2022-23
13.	Equality Report 2021-22
14.	Strategic Equality Plan 2022-26
15.	Performance Reporting: (a) finance report (b) Q3 performance update (c) strategic risk register
16.	Review of the forward work programme
17.	Review of the meeting
18.	Any other business
19.	Date of next meeting: Board Development - 16 and 17 May; Board Business - 09 June 2022

Item	Minutes	Action
<b>Standing Items</b>		
<b>1.</b>	<b>Chair's welcome and apologies for absence</b>	
1.1	The Chair welcomed members and those in attendance. She noted an apology from Elinor Gwynn for Wednesday 16 March 2022. Kevin Thomas would attend that session in his capacity as EDCS to ensure the meeting was quorate.	
1.2	Ian Rees would write the meeting blog, with input from the EDCC who would capture the five key messages from the meeting.	IR ALC
<b>2.</b>	<b>Declarations of interest</b>	
2.1	Katherine Drysdale declared an interest in item 8 (appointment of the Board Secretary). The Internal Audit Senior Manager would leave the meeting before item 18 in order for an update on the Internal Audit contract, in which PricewaterhouseCoopers had a potential interest, to be provided in private.	
<b>3.</b>	<b>Five-year strategy / KPIs</b>	
3.1	The EDCC presented a paper outlining the development of the five-year strategy, roadmap and draft outcome indicators for monitoring progress. She explained that the strategy document took account of input from the Board as well as feedback from the internal and external engagement, in which Board members had been involved.	
3.2	The Board discussed: <ul style="list-style-type: none"> <li>the content and tone of the document, observing that it would welcome bold, clear, accessible wording and editing to remove jargon, abbreviations and repetition;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• increasing the impact of section 2 of the strategy by reframing the title to its earlier version of ‘where are we strong and how could we be stronger’;</li> <li>• the context and environment for the strategy, noting that this would be refreshed as part of the annual planning process;</li> <li>• the timeframe for publishing the strategy and exactly what the Board was being asked to agree at this stage, with the launch of core elements in April to provide a link to the annual plan, followed by the interactive tool and some further work on outcome measures;</li> <li>• how stakeholder feedback had been reflected in the strategy, suggesting that management consider whether this was sufficiently incorporated; and</li> <li>• how business planning based on the intent of the draft strategy was helping to link areas within the business to create a common purpose and identify change programme priorities.</li> </ul>	
3.3	<p>The Board was keen to understand and be assured that the outcomes in the five-year strategy were sufficiently:</p> <ul style="list-style-type: none"> <li>• wide ranging to avoid gaps in coverage; and</li> <li>• specific to enable clear measurement of progress and achievement.</li> </ul> <p>The EDCC explained that other strategies, and their supporting delivery plans, incorporated detail that was not fully captured in the overarching five-year strategy. However, the development of the roadmap would enable the ELT to decide what outcomes would remain in local strategies and what would be reflected in the overarching strategy.</p>	
3.4	<p>The Board reviewed the outcome statements for each of the building blocks and:</p> <ul style="list-style-type: none"> <li>• made suggestions for refining, reducing and combining some statements;</li> <li>• considered the inclusion of the annual plan key performance indicators to provide overall assurance, but without the specific targets; and</li> <li>• recognised that outcome statements for the culture and operating building block were more complex to articulate, and encouraged management to consider whether the outcome statements might be drawn from the workforce strategy or Strategic Equality Plan.</li> </ul>	
3.5	<p>The Board noted that the roadmap would be developed incrementally to support delivery of the strategy, and that the EDCC would welcome feedback from members on this.</p>	All
3.6	<p>The Chair explained that the recommendations for this item would be dealt with at item 10 of the agenda on Thursday 17 March.</p>	
<b>4.</b>	<b>Sustainable Development: embedding the principle in decision making</b>	
4.1	<p>The EDCCS presented a paper updating the Board on activity to embed the sustainable development principle in decision making at Audit Wales. He explained that:</p>	

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	<ul style="list-style-type: none"> <li>• in common with other bodies, Audit Wales was at an early stage of applying the sustainable development principle, but a high-level mapping exercise showed that the sustainable development principle was incorporated in key processes;</li> <li>• a guide had been developed, using audit-based methodology, to provide practical prompts for applying the sustainable development principle in decision making; and</li> <li>• the EDCC and Future Generations Manager had worked together to embed the sustainable development principle in the five-year strategy.</li> </ul>	
4.2	<p>The Future Generations Manager:</p> <ul style="list-style-type: none"> <li>• reminded members of the sustainable development principle and the five ways of working;</li> <li>• introduced the guide and explained how it could be used by members in decision making and to gain assurance that the sustainable development principle had been considered and applied; and</li> <li>• outlined a brief scenario for the Board to consider, using the prompts in the guide.</li> </ul>	
4.3	Members participated in breakout group discussions on how to apply the guide in considering a policy review, and provided feedback to the meeting.	
4.4	The Board agreed that the exercise had been thought provoking and the guide had helped to provide focus for its discussions.	
4.5	The Board noted that the sustainable development principle would be relevant in key areas of the Board and Committee forward work programmes, in decision making and seeking assurance on the application of the sustainable development principle by management. The Board planning group would review the work programmes with Committee Chairs and the Future Generations Manager to identify where the guide might be most relevant and how a link to the prompts might be provided, e.g., in papers.	Board planning group AG, IR
4.5	The Board thanked the Future Generations Manager for an informative and useful session and endorsed the use of the Guide in its future decision-making.	
<b>5.</b>	<b>Review of minutes: Board meetings 07 January 2022 and 26 and 27 January 2022</b>	
5.1	The Board approved the minutes of its meeting on 07 January 2022 as an accurate record.	
5.2	The Board approved the minutes of its meeting on 26 and 27 January 2022 as an accurate record.	
5.3	The Auditor General provided an update on the pause referred to at item 3 in the minutes of the meeting on 26 January 2022 and explained that formal expectations for the 2022 appraisal round had been reduced but otherwise he was not pausing any important areas of work, pending clarification of workload pressures from Directors and Audit Managers. The EDAS explained that levels of recording of chargeable time were low and that non chargeable work had been paused during March. The EDCC and	

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	EDAS explained that they were reviewing action trackers to identify key priorities and that recruitment to complete the restructures in Corporate Services should alleviate the workload pressures which remained for some individuals.	
5.4	In response to a question on when supply and demand information on resourcing would be provided (action WAOB/21/044) the EDCC explained that the ELT would review information on resourcing and workload, gathered from time recording and pulse survey results, and consider how to report the supply and demand data back to Board.	ELT
5.5	The Board noted that the ELT was seeking a more thorough understanding of workload and resource pressures and pending that fuller picture, any changes would be changes in emphasis. The Board would therefore maintain its work programme, being mindful of workload pressures generally, and further updates would be provided in the Chief Executive's report to Board.	AGW
<b>6.</b>	<b>Review of action tracker</b>	
6.1	<p>The Board discussed the matters arising from its previous meetings using the action tracker which the Board Secretary would update:</p> <ul style="list-style-type: none"> <li>• WAOB/21/021 and WAOB/21/036 (comms and engagement) – actions to be closed and taken forward through the actions in response to the Board Effectiveness review.</li> <li>• WAOB/21/032 (DPO report) – the EDCC reported that Cyber Essentials had been completed during March, and Cyber Essentials Plus would be completed by May. The Chair of the Audit and Risk Assurance Committee explained that his report provided an update, and a recommendation for full Board involvement in a cyber training and business continuity session. He confirmed that an information governance report would be considered by the Committee in June.</li> <li>• WAOB/21/042 (travel and subsistence review) – the EDCC intended to conduct the post project review in June with a view to reporting learning to the Board in July.</li> <li>• WAOB/21/044 (staff survey) – the Chair proposed, and the Board agreed, that Adam Marshall would act as Board link for the response to the staff survey.</li> <li>• WAOB/21/048 (benefits review) – the EDCC explained that financial benefits had been reviewed with Grant Thornton and a meeting would be scheduled with the Head of HR and the Chair of the Remuneration and HR Committee to discuss the next steps, and the terms of reference for the review would then be prepared.</li> <li>• WAOB/21/050 and WAOB/21/051 (governance) – the Board Chair and Secretary would review and look to close these actions.</li> </ul>	BS
<b>7.</b>	<b>Report of the Chief Executive and Auditor General</b>	
7.1	The Auditor General and Chief Executive presented his report and highlighted:	

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	<p><u>Trainee recruitment</u> - the number of applicants had been low and only 6 offers had been made, and a further process would be run in a few months. An apprentice recruitment process was also pending.</p> <p><u>Future workplaces</u> - the Head of Business Services had spoken to the agent for the Cathedral Road landlord who did not favour a one-year lease extension but would revert with a longer-term option. There were other credible options which would be explored for Board consideration and decision later in the year.</p> <p><u>Travel and subsistence</u> – only one contract had yet to be signed due to personal circumstances, and this was expected shortly. The Board extended its thanks to all involved in delivering the revised scheme.</p>	
7.2	The Auditor General and Chief Executive provided a brief update on the Public Audit (Amendment) (Wales) Bill and explained that he did not expect the Welsh Government to commit legislative time to the Bill. However, the option of seeking greater financial flexibility through a higher level of funding from the Welsh Consolidated Fund could be considered for the 2023-24 Estimate.	
7.3	In response to a question, the Auditor General confirmed that certification of the Welsh Government accounts could be delayed for some time and that he and the audit team recognised the sensitivities around this.	
7.4	The Board noted the report.	
<b>8.</b>	<b>Corporate Services Restructure: appointment of Board Secretary and designation of Data Protection Officer</b>	
8.1	<p>The Auditor General presented a paper confirming completion of the Law and Ethics team restructure and recommending that the Board:</p> <ul style="list-style-type: none"> <li>• appoint Katherine Drysdale as its Board Secretary; and</li> <li>• designate Yazmin Steelandt-Humphries as its Data Protection Officer.</li> </ul>	
8.2	<p>In accordance with its Scheme of Delegations, the Board:</p> <ul style="list-style-type: none"> <li>• appointed Katherine Drysdale as its Board Secretary; and</li> <li>• designated Yazmin Steelandt-Humphries as its Data Protection Officer.</li> </ul> <p>The Board noted that the Auditor General had mentioned the Data Protection Officer role in his all-staff email and now confirmed his own designation of Yazmin Steelandt-Humphries as the Data Protection Officer for the Auditor General for Wales.</p>	
<b>9.</b>	<b>Chair's update</b>	
9.1	<p>The Chair presented her written update to the Board and highlighted that:</p> <ul style="list-style-type: none"> <li>• the Board Secretary and Chair of the Audit and Risk Assurance Committee had also been interviewed for the internal audit review of governance; and</li> <li>• she had met with the Chair of Finance Committee to discuss the arrangements for the next round of non-executive member recruitment which would be required to fill vacancies arising in March 2023. The Senedd was keen to understand skills, knowledge and diversity gaps on the Board, and help create a strong and diverse Board through the</li> </ul>	

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	appointment process. The Board Secretary would circulate an appropriate matrix for completion by members.	BS
9.2	The Board noted the Chair's update.	
<b>10.</b>	<b>Five-year strategy: approval of the way forward</b>	
10.1	The EDCC summarised the outcome of the Board's strategic discussion at item 3 of the agenda, which is recorded under item 3 above.	
10.2	The Board noted that the EDCC would: <ul style="list-style-type: none"> <li>• review and update the strategy document to take account of the Board's comments;</li> <li>• develop the outcome measures; and</li> <li>• develop plans for monitoring and reporting progress against the strategy for consideration by the Board at its meeting in June.</li> </ul>	EDCC
10.3	Having discussed and provided feedback on the draft Five-Year Strategy, and a steer on the outcome statements, the Board was content to: <ul style="list-style-type: none"> <li>• endorse the direction of travel for the five-year strategy; and</li> <li>• authorise the ELT to share the reshaped strategy document (save for the outcome statements) with staff and progress with the production of the interactive version during April 2022.</li> </ul>	
10.4	The Board recorded its thanks to the EDCC, the ELT and all the staff who had worked on, contributed to or provided support in the development of the strategy.	
<b>11.</b>	<b>Report from the Audit &amp; Risk Assurance Committee December 2021</b>	
11.1	The Committee Chair presented the report of the Audit & Risk Assurance Committee meeting held on 23 February 2022. He drew the Board's attention to: <ul style="list-style-type: none"> <li>• the internal audit review of procurement which had been categorised as low risk;</li> <li>• the Committee's proposal, subject to Board advice, for a deep dive into the risks associated with workload pressures at its next meeting and that this is scoped jointly with the Chair of the Remuneration and HR Committee. He suggested that all Board members be invited to attend the next Committee meeting for that item; and</li> <li>• the Committee's review of cyber risks, for which members had prepared by accessing the National Centre for Cyber Security guidance. He highlighted the proposal for a whole Board training and business continuity session as soon as practicable.</li> </ul>	
11.2	The Committee Chair reported that the Committee had provided feedback on the draft risk appetite statement to the ELT and, following a further review by the ELT, the Committee was content to recommend that the Board approve the statement.	
11.3	The Board: <ul style="list-style-type: none"> <li>• agreed to schedule cyber / information technology training and scenario planning activity into its work programme;</li> </ul>	BS

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	<ul style="list-style-type: none"> <li>• endorsed the proposal for a deep dive review of the risk related to workload pressures;</li> <li>• approved the risk appetite statement; and</li> <li>• approved the Committee's provisional forward work programme.</li> </ul>	
11.4	The Committee Chair would provide an update on the internal audit contract process at item 18 (AOB).	
11.5	The Board otherwise noted the report.	
<b>12.</b>	<b>Annual Plan 2022-23</b>	
12.1	<p>The Head of Planning and Reporting presented a paper outlining the development of the draft annual plan and:</p> <ul style="list-style-type: none"> <li>• explained that the timing for the annual plan process had been impacted by the need for the annual plan to reflect the five-year strategy, and that the annual plan must be laid by 31 March 2022;</li> <li>• outlined the work that was ongoing by the Director Team and Executive Directors to finalise the priority actions; and</li> <li>• updated the Board on the development of the KPI targets.</li> </ul>	
12.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the KPI targets and the rationale for any changes, noting the intention to move towards outcomes in future years and that changes were largely to reflect outside requirements and definitions;</li> <li>• the GPX programme, noting the intention to align activity to the work programme incrementally; and</li> <li>• the priority areas, how to make these more explicit and whether reference to the five-year strategy and workload planning should be included.</li> </ul>	
12.3	<p>The Board:</p> <ul style="list-style-type: none"> <li>• acknowledged the work that had gone into the development of the annual plan and recognised that both the content and timing for its development had been affected by the challenges of aligning it to the developing strategy;</li> <li>• approved the draft annual plan, which would be further developed to take account of the Board's input; and</li> <li>• authorised the Chair and Auditor General to approve and sign the final version for laying.</li> </ul>	Chair, AGW
<b>13.</b>	<b>Equality Report 2021-22</b>	
13.1	<p>The Head of Planning &amp; Reporting introduced the draft Equality Report for 2020-21. He outlined the duty on the Auditor General and Wales Audit Office to report annually on compliance with the General Duty of the Equality Act and on progress towards achievement of the equality objectives. He advised that this year's report was later than in previous years but would be published before the statutory deadline of 31<sup>st</sup> March. He confirmed the 2021-22 report would revert to publication in the autumn.</p>	



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13.2	The Head of Planning and Reporting explained that overall progress had been effective in the steps taken to meet the equality objectives and drew the Board's attention to the interactive data tool which displayed the workforce and pay gap data.	
13.3	The Board discussed the workforce and pay gaps, the underlying reasons for these and opportunities to further reduce the gaps.	
13.4	The Board authorised the Chair and Auditor General to finalise the forewords to the report and, subject to minor amendments, approved the draft equality report for publication.	
<b>14.</b>	<b>Strategic Equality Plan 2022-26</b>	
14.1	The Head of Planning and Reporting outlined the obligation on the Auditor General and the Wales Audit Office to jointly prepare and review the equality objectives at least every four years. He advised there was no statutory deadline for publication, but he proposed aligning with the five-year strategy as the plan flowed from and formed part of that broader strategy.	
14.2	The Head of Planning and Reporting explained that the draft objectives took account of feedback from PAWB and the Board and had been considered by the ELT. He explained that ten external responses had been received, outlined the topics arising and explained where these might be addressed or incorporated in the Strategic Equality Plan.	
14.3	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• how the consultation responses need to be clearly reflected in the plan including the objectives, to demonstrate that Audit Wales had taken account of input, suggestions and challenges in developing the plan;</li> <li>• the draft objectives and whether these were sufficiently ambitious;</li> <li>• the tone and language of the report and how this could be enhanced to reflect the energy of the Board for developing equality, diversity and inclusion and its recognition of the legal and moral benefits;</li> <li>• how the strategic equality plan could demonstrate its interdependency with the five-year strategy;</li> <li>• development of the plan to reflect Audit Wales' commitment to encouraging the use of the Welsh language;</li> <li>• the extent and form of external engagement, and how this might be developed in the future to secure wider input; and</li> <li>• the potential value of benchmarking the draft plan against other bodies' strategic equality plans.</li> </ul>	
14.4	The Board recognised the work that had been done to develop the draft plan and asked that a revised draft, with revised objectives, be circulated for virtual input, with a final draft to be presented to the Board for approval at its meeting in June.	HoP&R All

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<b>15.</b>	<b>Performance reporting, including the finance report, quarter three performance and the strategic risk register</b>	
(a) finance report		
15.1	The Head of Finance presented a paper outlining the financial position at the end of January 2022 and provided an oral update on the current financial position. She explained that both income and expenditure were expected to be below budget at year end, and the most recent forecast indicated that a small surplus was expected.	
15.2	The Board noted that income was reduced due to a combination of staff vacancy levels, a decrease in staff chargeability and some project overruns. The Board discussed: <ul style="list-style-type: none"> <li>the timing for completing the delivery of audits and collecting fee income; and</li> <li>the range of factors contributing to the reduction in chargeability and management's plans to understand and address those causes.</li> </ul>	
(b) quarter three performance report		
15.3	The Head of Planning and Reporting updated the Board on progress against the areas of focus in the Annual Plan and explained that there had been little change since the close of quarter 2 covered by the Interim Report.	
(c) strategic risk register		
15.4	The Head of Planning and Reporting updated the Board on changes to the strategic risk register. He explained that there were no new risks and a reduction in the risks relating to the travel and subsistence review and five-year strategy development.	
15.5	The Board welcomed the integration of the sources of assurance in the strategic risk register and briefly discussed: <ul style="list-style-type: none"> <li>the residual risk ratings, and whether these realistically reflected the challenges faced by Audit Wales; and</li> <li>how the Board had touched on many of the issues recorded on the register during the meeting, which suggested a clearer focus on the challenges facing the organisation.</li> </ul>	
15.6	The Board was content to note the report and the Head of Planning and Reporting invited all members to feedback their experiences of using the interactive register. The Board asked that management incorporated a summary of any interrelations between the different elements of the reports in future performance reporting.	All ELT
<b>16.</b>	<b>Review of the forward work programme</b>	
16.1	The Board discussed its forward work programme and noted that: <ul style="list-style-type: none"> <li>consideration of future workplaces would be incorporated into the work programme;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• an additional meeting would be scheduled to accommodate a training / scenario session on cyber security (time availability for members would be freed up as a result of cancelling the April strategic meeting); and</li> <li>• the November meeting would be moved by one day due to a clash with a meeting of the PAPAC, which the Auditor General would attend.</li> </ul> <p>The Board Secretary would update the provisional work programme.</p>	BS
<b>17.</b>	<b>Review of the meeting</b>	
17.1	<p>In reviewing the meeting, members:</p> <ul style="list-style-type: none"> <li>• noted the positive development of the five-year strategy and how this would now inform business planning; and</li> <li>• reflected that they had not approved some items as further work was needed and that the timing for such items should allow an opportunity for Board to input prior to presentation of an item for approval.</li> </ul> <p>The Board Secretary would work with the Board planning group to plan the timing of items to allow sufficient opportunity both for authors to draw on relevant consultation exercises in drafting papers coming to Board and for member input ahead of Board where needed.</p>	BS
17.2	<p>The observers commented on:</p> <ul style="list-style-type: none"> <li>• the wide variety of topics covered and the depth in which they are considered;</li> <li>• the amount of work that went into planning the meeting; and</li> <li>• the range of different contributions from members.</li> </ul>	
<b>18.</b>	<b>Any other business</b>	
18.1	<p>The EDCS updated the Board on the tender for the provision of internal audit services. He explained that:</p> <ul style="list-style-type: none"> <li>• a second tender exercise was underway, but the current supplier was open to further discussions in the event that the second exercise was unsuccessful;</li> <li>• several expressions of interest had been received and the Procurement Officer was actively engaging with potential suppliers to encourage them to submit a tender; and</li> <li>• he anticipated making a recommendation to the Audit and Risk Assurance Committee with a view to making an appointment in late March or early April, which would enable a draft internal audit plan to be developed.</li> </ul>	
<b>19.</b>	<b>Date of next meeting</b>	
19.1	Board Development - 16 and 17 May; Board Business - 09 June 2022	