

Wales Audit Office Board
Minutes of the meeting on Tuesday 23 and Wednesday 24 November 2021

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
David Francis	Non-executive member and Senior Independent Director
Elinor Gwynn	Non-executive member

Apologies:

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)

In attendance:

Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Katherine Drysdale	Law & Ethics Specialist (minutes)
Martin Peters	Head of Law & Ethics, and Data Protection Officer (DPO) (item 11)
Matthew Hockridge	Head of Planning & Reporting (items 3, 4 & 13)
Nicola Evans	Head of Finance (item 13)
Siobhan Cole	Head of Human Resources (item 10)

Observers:

Hepzibah Hill	Audit Trainee (save for items 5 and 16)
Jennie Morris	Senior Auditor and ELT panel member (24 November 2021, save for items 5 and 16)
Rachel Brown	Data Analyst and ELT panel member (23 November 2021)

Item	Agenda
1.	Chair's welcome and apologies for absence
2.	Declarations of interest
3.	Staff survey flash report
4.	Draft strategic equality objectives 2022-2026
5.	Review of minutes: Board meeting 21 and 22 September 2021; 18 October 2021
6.	Review of action tracker
7.	Report of the Chief Executive and Auditor General
8.	Chair's update
9.	Report from the Remuneration and HR Committee 16 November 2021
10.	Workforce strategy delivery plan: annual review
11.	Data Protection Officer's annual report

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Item	Agenda
12.	Board effectiveness: action plan
13.	Performance reporting, including the finance report, strategic risk register and quarter two performance
14.	Review of the forward work programme
15.	Review of the meeting
16.	Any other business
17.	Date of next meeting: 26 and 27 January 2022 (TBC)

Item	Minutes	Action
Standing Items		
1.	Chair's welcome and apologies for absence	
1.1	The Chair welcomed members and those in attendance. She noted apologies from Ian Rees and Kevin Thomas and that, with a majority of non-executive members present, the Board would be quorate in their absence.	
1.2	David Francis would write the meeting blog, with input from the EDCC who would capture the five key messages from the meeting.	DF ALC
2.	Declarations of interest	
2.1	The staff observers would leave the meeting for item 5 (review of the minutes) and item 16 (any other business) which would be taken in private.	
3.	Draft Strategic Equality Objectives 2022-2026	
3.1	The EDCC presented a paper outlining the process for the development of the draft strategic equality objectives for 2022-26 which would underpin the five-year strategy.	
3.2	<p>The Head of Planning and Reporting explained that in developing the draft objectives for 2022-26 the ELT had:</p> <ul style="list-style-type: none"> • reviewed the progress made against the current equality objectives, which had a compliance focus; • considered how flexible, forward-looking equality objectives could underpin the delivery of the aims of the five-year strategy; and • reached five high level draft objectives which would be further informed by responses to the consultation. <p>The Board noted that the detail of the level of ambition for the objectives; how the objectives would be delivered and success measured would be developed for inclusion in the Strategic Equality Plan which was due to be published in 2022.</p> <p>It was agreed that there would be further opportunity for strategic discussion at Board of the level of ambition / what success would look like regarding the objectives at a future meeting.</p>	EDCC/ HoP&R
3.3	The Board discussed:	

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	<ul style="list-style-type: none"> • the process for developing the objectives to date, noting that the link Board member and staff interest groups had not yet been involved in the development of the proposed objectives; • the wording of the objectives and whether they should be more specific and have a time bound quality related to the period of the Strategic Equality Plan; • the language and tone of the consultation, reflecting that the objectives had been developed by a homogenous group and input both internally and to the external consultation would be highly welcome; and • whether a separate post-covid audit related objective was necessary. 	
3.4	<p>The Board considered that the draft objectives and consultation document would benefit from further development, which the Head of Planning and Reporting would undertake, to take account of:</p> <ul style="list-style-type: none"> • discussion of the draft objectives with PAWB; • early engagement with the EHRC contact; and • discussion with the AGW, Chair and Board link member for equality prior to wider internal engagement and external consultation in January 2022. 	MH
3.5	<p>The Board noted that the Strategic Equality Plan would be presented to it for approval in March 2022 prior to publication in April 2022.</p>	
4.	Staff Survey: Flash Report	
4.1	<p>The EDCC presented a paper outlining the results of the staff survey and the themes emerging from the comments report, which had been made available to members in advance of the meeting.</p>	
4.2	<p>The Chief Executive highlighted:</p> <ul style="list-style-type: none"> • the general decline in positive scores, and significant declines in areas of importance including organisational direction and focus, workload, resourcing, remuneration and leadership; • the context for the survey, including the travel and subsistence review and the ongoing impact of the pandemic; • that, notwithstanding the decline, many scores remained strong and there were some areas of improvement; and • the relevant work underway that would go towards addressing some of the issues emerging, such as development of the five-year strategy, the travel and subsistence review and workforce / resource planning. 	
4.3	<p>The Board discussed the survey results and the themes emerging from the comments report in detail. The Board recognised:</p> <ul style="list-style-type: none"> • that while the travel and subsistence review and pandemic had no doubt influenced the results these were not the only factors influencing staff views; and • that it would be important to provide a swift response and develop clear actions to address the concerns raised. 	
4.4	<p>The Board considered:</p>	

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	<ul style="list-style-type: none"> • whether it was providing the right level of challenge around resourcing levels and structures; • how staff engagement could be improved through better communications and staff involvement; • the perceptions of a lack of organisational focus on audit, and how that could be addressed so that audit and audit delivery is clearly central to all activity; • organisational culture and how to improve trust between, and respect for, different areas of operation and their contributions, as well as a greater sense of value for and amongst staff; • the appetite for collaboration and face to face working and implications for future ways of working; and • leadership and line manager responsibilities, capability and capacity to bring about change. 	
4.5	<p>The Board briefly discussed the format of the survey and the future format for gathering staff views. The Board noted that using a survey enabled benchmarking both internally and externally, but encouraged management to consider:</p> <ul style="list-style-type: none"> • whether the survey wording might be reviewed to clarify descriptions of leadership and management; and • whether opportunities to provide discursive feedback could also be provided. 	
4.6	<p>The Board noted the risks arising from, and associated with the survey, which it would consider later in the meeting as part of the review of the strategic risk register.</p>	
4.7	<p>The EDCC confirmed that the next steps included:</p> <ul style="list-style-type: none"> • planning the publication of the comments report; • development of an internal communication responding to the key areas arising from the survey; and • considering the actions needed to address the survey outputs. 	
4.8	<p>The Board welcomed the opportunity to openly discuss the issues and their underlying causes, and encouraged the ELT to consider how the Board might contribute to addressing the concerns raised.</p>	ELT
5.	Review of minutes: Board meeting 21 and 22 September 2021; 18 October 2021	
5.1	<p>The Board approved the minutes of its meeting on 21 and 22 September 2021 as an accurate record.</p>	
5.2	<p>Para 9.3 (governance review): the Board noted that the governance group intended to meet to develop the principles with a view to providing an update to the Board in January.</p>	EDCS
5.3	<p>The Board approved the minutes of its meeting on 18 October 2021 as an accurate record and agreed that the minute relating to the travel and subsistence review would be redacted from the published version of the minutes as this item was taken in private.</p>	KD

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6.	Review of action tracker	
6.1	The Board discussed the matters arising from its previous meetings using the action tracker which the Board Secretary would update.	
6.2	WAOB(20)/106 (work programme for horizon scanning): the Board noted that the action had been recorded as complete but that proposals for horizon scanning updates had not been discussed with the Board. The Board agreed that horizon scanning updates twice a year would be incorporated in the work programme for the strategic meetings in (or around) July and December.	KD
6.3	WAOB(20)/110 (Financial planning): the Board was keen to ensure that principles for using any forecast surplus were developed ahead of the January meeting, noting that the travel and subsistence proposal was likely to be relevant. The Chief Executive would follow this up with the EDCS and Head of Finance.	AC/KT
6.4	WAOB(21)/001 (sustainable development): action to be marked as in progress pending completion of the mapping element.	KD
6.5	WAOB(20)/111 (board support arrangements): the target date would be extended pending completion of the relevant restructures.	KD
6.6	The Board was keen to ensure that, where appropriate, activity on the tracker was considered by the Board prior to an action being closed.	
7.	Report of the Chief Executive and Auditor General	
7.1	<p>The Auditor General and Chief Executive presented his report and highlighted:</p> <p><u>CIPFA Panel appointments</u>: which provided an opportunity for Audit Wales staff to be closely involved in and influence the future practice of audit.</p> <p><u>Covid / return to the offices</u>: with office use at low levels, and subject to Welsh Government guidance being more permissive, consideration would be given to requiring some office attendance for staff to reconnect with their teams.</p> <p><u>Five-year strategy</u>: the ELT would welcome the Board's involvement in the engagement process.</p> <p><u>Approach to net zero</u>: a measured approach was planned to manage resources internally and benefit from the experiences and learning from organisations bound by the duty.</p> <p><u>HR award nominations</u>: recognising the achievement of the team and individuals involved.</p>	
7.2	<p>The Board was keen to understand the reasons for the current low level of office use and how the office environment could be appropriately developed to support effective team working, collaboration and delivery. The Board noted that:</p> <ul style="list-style-type: none"> • not only had the office environment changed but so had individual habits and practices; • a flexible approach would be taken, balancing organisational need and individual preferences; and 	

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	<ul style="list-style-type: none"> some video conferencing facilities were now available to support hybrid meetings. 	
7.3	<p>The Board:</p> <ul style="list-style-type: none"> discussed the proposed approach to net zero and were assured that taking a proportionate and measured approach would allow learning as the requirements of the duty bed in; offered its congratulations for the CIPFA appointments and the HR award nominations; and confirmed that members would be happy to participate in the engagement process for the five-year strategy. 	
7.4	The Board noted the report.	
8.	Chair's update	
8.1	The Chair presented her written update to the Board and encouraged members to participate in the informal pre-Christmas activity that was planned across the organisation.	All
8.2	The Board noted the Chair's update.	
9.	Report from the Remuneration and HR Committee 16 November 2021	
9.1	The Chair presented the report of the Remuneration and HR Committee meeting held on 16 November and highlighted the recommendations to Board for approval. She suggested that the recommendation relating to the workforce strategy be considered as part of that item.	
9.2	<p>As recommended by the Committee, the Board approved:</p> <ul style="list-style-type: none"> the revised sickness and wellbeing policy, subject to minor revision to reflect the Committee's discussions; and authorised the Chair of the Remuneration and HR Committee to liaise with the HR team to agree the final policy wording. 	
9.3	The Board noted the Committee's advice in respect of the job evaluation scheme and endorsed the ELT proposal to pursue option 2 outlined in paper reference RHR(20)-21-009 to identify and implement priority process and governance changes to make the best use of the current system.	
9.4	<p>The Board carefully considered the proposal for Audit Services director roles and responsibilities, noting that this might attract internal criticism due to the voluntary exit of a performance audit director earlier in the year. Management assured the Board that:</p> <ul style="list-style-type: none"> the terms of the business case for that exit, including the financial pay back from leaving the role vacant for a period of six months, had been met; and the new role was sufficiently different to the previous role and had been designed to deliver a more integrated, cross cutting approach. 	
9.5	Subject to a calculation being provided to Board to demonstrate the financial payback for the performance audit director voluntary exit, the Board endorsed the ELT proposal to:	EDAS

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	<ul style="list-style-type: none"> • increase the number of CCAB1 accounts qualified Directors from 4 to 5 FTEs; and • recruit a third Performance Audit Director. 	
9.6	The Chair of the Remuneration and HR Committee explained that the Committee had again considered HR capacity, as the work of the team is significant in underpinning delivery. The Board agreed that it would consider the risk in relation to HR capacity as part of its review of the risk register.	
9.7	The Board otherwise noted the report.	
10.	Workforce Strategy Delivery Plan: Annual Review	
10.1	The Head of HR presented a paper updating the Board on progress against the workforce strategy delivery plan and summarised progress to date. She drew the Board's attention to the amber flagged areas and explained the proposal for the delivery plan to be reviewed in early 2022 to ensure that it was aligned to the five-year strategy and its activities remained relevant.	
10.2	As recommended by the Remuneration and HR Committee, the Board approved the proposal for the review and redevelopment of the workforce strategy in early 2022, with a focus on the delivery plan, to align with and reflect the wider 5-year strategy.	
11.	Data Protection Officer's Annual Report	
11.1	The DPO presented his annual report in which he outlined the key findings and recommendations from his work as DPO, and provided an update on developments and risks with personal data processing. He explained that reduced resources in the team had negatively impacted elements of his programme of work and undertaking DPO work while avoiding conflicts of interest had become increasingly difficult; however, the planned restructure of Law & Ethics was expected to alleviate those matters.	
11.2	<p>The DPO drew the Board's attention to data protection issues and areas of concern that had arisen during the year, and the steps taken or suggested to address them, relating to:</p> <ul style="list-style-type: none"> • surveys and data collection; • procurement procedures and terms; • the completion of Data Protection Impact Assessments; • the terms of references for the Digital Steering Group; and • records management. 	
11.3	<p>In the absence of the EDCS, the Chief Executive explained that management endorsed the recommendations and advice in the DPO's report. He explained that:</p> <ul style="list-style-type: none"> • the Law & Ethics restructure should conclude soon to alleviate both the issues with resources and the conflict of interest; • similarly, a restructure in the Business Services team should provide a dedicated resource for records management; 	

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	<ul style="list-style-type: none"> • the implementation of Cyber Essentials Plus accreditation was taking longer than anticipated, due to the requirements of accreditation, but the merits of this were recognised; • the Digital Steering Group would be happy to consider revision of their terms of reference to involve the DPO; and • while surveys were a powerful tool in collecting data, management recognised the importance of ensuring that the use of a survey was appropriate and compliant and was developing a robust methodology and monitoring process. 	
11.4	<p>The Board discussed:</p> <ul style="list-style-type: none"> • how staff awareness of data protection could be improved, and compliance embedded in processes across the organisation, noting that the cross organisational training was planned for early 2022; • whether the restructure would provide sufficient resources to ensure that the demand for advice could be met, recognising that this was difficult to predict; • the DPO programme and the potential risks of delaying elements of the programme; and • whether the DPO's recommendations could be embedded into a wider information governance process – the DPO would discuss with the EDCS whether (and how) that might be considered as part of the annual SIRO report. 	DPO / EDCS
11.5	<p>The Board noted the DPO's annual report and endorsed his recommendations:</p> <ol style="list-style-type: none"> i. that the L&E restructuring proceeds quickly and is sufficiently resourced so that a new DPO has sufficient time, assistance and separation of duties to undertake their statutory role without conflict of interest; ii. that Cyber Essentials Plus accreditation is achieved, including by giving it priority in the Board's monitoring and resourcing work, i.e., that the Estimate/supplementary covers the resources needed; iii. that the Change Programme Board revises the Digital Steering Group's terms of reference to include engagement with the DPO as per Art 38(1) of the UK GDPR; iv. that the Business Services restructuring results in the appointment of a dedicated and suitably qualified records manager. 	
11.6	<p>The Board:</p> <ul style="list-style-type: none"> • agreed that matters arising from the DPO report would be considered by the Audit and Risk Assurance Committee as part of its strategic deep dive into cyber security and information governance at its meeting in February; and • asked that updates on progress against the recommendations be provided via the action tracker or the Chief Executive's report. 	A&RAC EDCS
12.	Board Effectiveness: Action Plan	

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12.1	The Board Chair presented a paper outlining the draft action plan that had been developed in response to the recommendations in the external board effectiveness review.	
12.2	<p>The Board reviewed the draft plan by priority area.</p> <p><u>Priority 1 (team development)</u></p> <p>Members agreed with the proposed development activity, suggested that reference be made to the outputs of the March 2020 development day and noted that individual development might also be explored.</p> <p><u>Priority 2 (staff engagement)</u></p> <p>Members agreed that the initial focus would be on the engagement for the five-year strategy; with further focussed employee member engagement to be developed.</p> <p>Members briefly discussed:</p> <ul style="list-style-type: none"> • reverse mentoring as a means of establishing connections and a depth of understanding about the organisation; • the possibility of recording or livestreaming meetings, which would be explored further by the governance group; and • how perspectives could be gathered from staff observers at Board meetings. <p><u>Priority 3 (Board processes)</u></p> <p>Members agreed that the governance group would consider the effectiveness process as part of its work.</p> <p>Members briefly considered how the elected employee members could develop a working relationship with the ELT staff panel – the elected employee members would consider how to do that.</p> <p><u>Priority 4 (external engagement)</u></p> <p>Members noted that the EDCC was planning a calendar for external engagement and she would build in the points at which Board members might have a role.</p>	<p>Gov group</p> <p>AB / AM</p> <p>EDCC</p>
12.3	The Board confirmed that it was content with the draft action plan and noted that some of the timelines would be extended due to the ongoing nature of those activities.	
13.	Performance reporting, including the finance report, strategic risk register and quarter two performance	
	(a) finance report	
13.1	The Head of Finance presented a paper outlining the financial position at the end of September. She explained that the forecast surplus might increase slightly if staff vacancies were not filled.	
13.2	The Board noted the report.	
	(b) strategic risk register	

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13.4	The EDCC presented an update on the development of the risk register and assurance framework, following the blank sheet risk reviews. She outlined the risks that were of highest concern to the ELT and explained the mitigating steps that were being taken.	
13.5	The Board discussed the risks pertaining to: <ul style="list-style-type: none"> • travel and subsistence, and encouraged management to consider whether the wording accurately reflects the risk; • staff survey – addressing the results and comments report; • audit delivery, noting the high residual risk which EDAS would review and update the Chair outside the meeting; and • HR capacity, which the ELT would review to ensure the risk was fully covered. 	ELT EDAS ELT
13.6	The Board noted that the risk register incorporating an early version of the assurance framework would be considered by the Audit and Risk Assurance Committee in December.	
14	Review of the forward work programme	
14.1	The Chair outlined the proposal to move to four strategic Board meetings and six business meetings during 2022-23, which would meet business need and support regular engagement though the year.	KD
14.2	The Board Secretary explained that the dates had not been finalised and the timetable could be reviewed to take account of member availability prior to being circulated internally and to members for input. Members would provide information on their availability to the Board Secretary following the meeting.	All
14.3	The Board noted that the proposed date for the March 2023 meeting would fall after the end of the Chair's appointment and agreed that the March 2023 meeting should be brought forward to facilitate handover to the new Chair.	
14.4	Subject to availability and agreement on the dates, the Board agreed with the proposed approach.	
15	Review of the meeting	
15.1	In reviewing the meeting, members noted: <ul style="list-style-type: none"> • the importance of the strategic discussion topics and had a sense of giving of their best in actively listening, engaging and adding value; and • the overall positive feel of the meeting with good behaviours demonstrated over teams. 	
15.2	The observers appreciated <ul style="list-style-type: none"> • the opportunity to observe and gain insight into how a Board operates; • the open nature of the discussions and strength of the contributions of the elected employee members; and 	

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	<ul style="list-style-type: none"> • the insight from items, including the DPO report, which flagged how the organisation might improve its ways of working. 	
16	Any other business (taken in private)	
16.1	The EDCC provided an update on the travel and subsistence review, in particular the discussions with the trades unions around proposed amendments on how the proposals would apply to the trainees. She explained that she was preparing the final proposals in readiness for the ballot which was expected to take place before Christmas.	
16.2	The Board noted the developments, and that the ELT would revert to the Board following the outcome of the ballot to consider next steps.	
17	Date of next meeting	
17.1	26 and 27 January 2022 (TBC)	