

**Wales Audit Office Board**  
**Minutes of the meeting on Thursday 24 November 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
David Francis	Non-executive member and Senior Independent Director
Elinor Gwynn	Non-executive member
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee
Kevin Thomas	Nominated Employee member and Executive Director of Corporate Services (EDCS)

**Apologies:****In attendance:**

Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Katherine Drysdale	Board Secretary (minutes)
Ceri Hughes	Change Programme Manager (items 8 and 9)
Lisa Williams	Audit Manager (item 9)
Nicola Evans	Head of Finance (items 9 to 11)
Siobhan Cole	Head of HR (items 8 to 12)

**Observers:**

Abigail Gregory	Finance Apprentice
Abigail Philips	Change Project Manager
Darren Griffiths	Audit Manager
David Thomas	Audit Director
Heather Reader	Senior Accountant

Item	Agenda
1	Appointment of the nominated employee Board member (taken in private session of the non-executive members)
2	Chair's welcome and apologies for absence
3	Declarations of interest
4	Review of minutes: Board meetings 20 and 27 September 2022
5	Review of action tracker
6	Report of the Chief Executive and Auditor General
7	Chair's update
8	Staff Survey
9	Integrated Performance Report
10	Fee Scheme 2023-24
11	Report from the Remuneration and HR Committee 15 November 2022
12	People and Organisation Development Strategy: annual review
13	Any other business
14	Review of the forward work programme

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Item	Agenda
15	Review of the meeting
16	Dates of next meetings: Development - Monday 05 and Tuesday 06 December 2022; Strategic - Thursday 26 January 2023; Business - Thursday 16 February 2023

Item	Minutes	Action
<b>Standing Items</b>		
<b>1</b>	<b>Appointment of the nominated employee member (private session of the non-executive members)</b>	
1.1	The AGW presented a paper outlining his proposal for his nominated employee member of the Board, the rationale for the nomination and the proposed terms and conditions for the appointment.	
1.2	The non-executive members noted the rationale for the nomination, were satisfied that the appointment was being made on merit and approved: <ul style="list-style-type: none"> <li>the appointment of Darren Griffiths as the Auditor General's nominated employee Board member for a period of four years with effect from 01 January 2023; and</li> <li>the terms and conditions for the appointment which mirrored those of the elected employee Board members.</li> </ul>	
1.3	The Auditor General would issue an all-staff communication to confirm the appointment and explain his rationale.	AGW
1.4	The non-executive members noted that Darren would join the meeting as an observer as part of his induction	
<b>2</b>	<b>Chair's welcome and apologies for absence</b>	
2.1	The Chair welcomed members and those in attendance.	
2.2	Adam Marshall would write the meeting blog, incorporating key messages captured by the EDCC.	AM
<b>3</b>	<b>Declarations of interest</b>	
3.1	The Chair noted non prejudicial interests declared by the employee members (and staff present) in item 11 (Remuneration and HR Committee report).	
<b>4</b>	<b>Review of minutes: Board meetings 20 and 27 September 2022</b>	
4.1	The Board approved the minutes of its meeting on 20 September 2022 as an accurate record.	
4.2	Subject to minor amendments, the Board approved the minutes of its meeting on 27 September 2022 as an accurate record.	BS
<b>5</b>	<b>Review of action tracker</b>	
5.1	The Board received updates against actions which the Board Secretary would reflect on the tracker, including: <ul style="list-style-type: none"> <li>WAOB/21/061 (Strategic Risk Register): Board Secretary to remind members to provide feedback on their use of the risk and assurance reporting framework.</li> <li>WAOB/22/014 (value for money framework): Elinor Gwynn confirmed that she had benefitted from an information session and suggested that</li> </ul>	BS

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	<p>the concept of value could be considered for future strategic discussion. The Board Secretary would note this on the Board business cycle for consideration by the Board planning group.</p> <ul style="list-style-type: none"> <li>• WAOB/22/021 (Integrated Performance Report): create a fresh action for the task and finish group to review the report; the Board Secretary would email members for their feedback to inform the review.</li> <li>• WAOB/22/034 (Strategic Risk Register): the ELT had concluded that risks relating to staff engagement were adequately covered in other risks, but suggested the Board consider this in reviewing the staff survey results (item 8).</li> </ul>	
<b>6</b>	<b>Report of the Chief Executive and Auditor General</b>	
6.1	<p>The Auditor General and Chief Executive presented his report and updated the Board on:</p> <p><u>Future Ways of Working</u></p> <p>A revised offer had been made by the Cathedral Road landlords which the Head of Business Services was reviewing against the estates criteria set by the Board. He would alert the Board if that assessment indicated that the proposal merited further consideration.</p> <p><u>Industrial Action</u></p> <p>Prospect were conducting a local ballot on industrial action (closing on 06 December) and PCS were following the national position for targeted strike action following ballot. Industrial action at Audit Wales prior to Christmas appeared unlikely but he would inform the Board if action became imminent.</p> <p><u>Estimate / Budgetary Climate</u></p> <p>The report from the Finance Committee scrutiny of 2021-22 and the Estimate had been received. The report recognised the prudent approach taken to the preparation of the Estimate for 2023-24 but raised a number of recommendations. The Chief Executive explained the context of public sector budgetary constraints, highlighting that political pressures should not compromise his independence.</p>	
6.2	<p>The Board briefly discussed the financial implications of the office move, noting the savings and reduction in space and the benefits for staff and audit quality flowing from in person team working. The Board was content that management would monitor use of the premises and the flexibility provided by separate leases and break clauses would allow adjustments if appropriate.</p>	
6.3	<p>The Board otherwise noted the report.</p>	
<b>7</b>	<b>Chair's Update</b>	
7.1	<p>The Chair presented her written report and suggested that plans for developing engagement between the Board, ELT and staff were considered in the context of the results from the staff survey.</p>	
7.2	<p>The Board noted the report.</p>	
<b>8</b>	<b>Staff Survey</b>	
(a) Flash report		

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8.1	The Chair noted that the staff survey flash report had been circulated to members ahead of the meeting, and members had been included in the circulation of the Chief Executive's all-staff email which mentioned key areas of concern.	
8.2	The Chief Executive briefly outlined the key messages from the results with positives in areas around trust, fair treatment and respect, strength of teamworking and flexible working arrangements. There were however disappointing reductions in positive scores for leadership, engagement, performance management, learning & development and fairness in recruitment. The ELT recognised that the cost-of-living crisis might provide some context for responses, but the results would need fuller analysis to draw out the underlying issues and the rationale for the responses.	
8.3	<p>The Board discussed the survey results in detail and agreed that further analysis of the results would help to understand:</p> <ul style="list-style-type: none"> <li>• the key operational and cultural issues underpinning the results;</li> <li>• the movement in scores, including the higher proportions of neutral scores;</li> <li>• the differences between the staff survey responses and those given to more focused reviews such as the performance management survey and deep dive reviews completed in response to the previous staff survey;</li> <li>• variances in the responses from different teams or areas of the business; and</li> <li>• how to target action to improve.</li> </ul>	
8.4	The Board was concerned by the negative trends and culture indicated by the survey responses. The Board agreed that, whilst demonstrating clear leadership from the Board and ELT, it was important to encourage ownership of both the survey outcomes and solutions planned in response across the organisation, with shared ownership and personal responsibility featuring in communications about anticipated changes to drive improvement.	
8.5	The Board was content that management would analyse the results and plan its fuller response ahead of the discussion scheduled for the Board meeting in January 2023.	
<b>(b) Approach to future staff surveys</b>		
8.6	The EDCC explained that the expiry of the contract for delivery of the staff survey had triggered consideration of a revised approach to delivery of future surveys. She outlined proposed revisions to the overview of requirements for the procurement of services for delivery of staff surveys.	
8.7	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the Finance Committee steer for continuity to provide trends and enable comparison of results;</li> <li>• the benefits of maintaining comparability both for internal purposes and external scrutiny;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• the benefits and disbenefits of the current survey, its length, the relevance of questions and difficulty in interpreting both questions and responses;</li> <li>• alternative approaches, such as shorter but more frequent focussed surveys, facilitated dialogue to explore themes collaboratively or a hybrid approach supplementing the civil service questions and issuing the survey in chunks over the year;</li> <li>• the perception risks of taking a different approach; and</li> <li>• the use of the survey - providing data for the annual plan KPIs as well as insight of the organisation.</li> </ul>	
8.8	<p>The Board agreed that any future approach should:</p> <ul style="list-style-type: none"> <li>• incorporate the themes from the current survey to maintain continuity and comparability, building in a transition period;</li> <li>• address the need for better and richer data to give the Board and staff confidence that the organisation is doing the right things to address any issues arising;</li> <li>• be developed / co-produced with feedback and input from staff so as to engage staff from the outset.</li> </ul>	
8.9	<p>The EDCC would further develop the overview of requirements for the procurement of services for delivery of future surveys for Board approval, either at its meeting in January 2023 or virtually if necessary.</p>	EDCC
<b>9</b>	<b>Integrated Performance Report</b>	
9.1	<p>The EDCC presented a paper providing the quarter two performance update covering the current areas of focus for the ELT, key strategic risks, the financial position to the end of October and delivery against the annual plan KPIs and the five-year strategy.</p>	
9.2	<p>The EDCC explained that the ELT focus was on mitigating the strategic risks relating to funding, savings and chargeability, in year and for the longer term, and the principles proposed for a financial sustainability review would be presented to the Board in January 2023.</p>	
9.3	<p>The EDCC briefly outlined other areas of activity relating to staff engagement and the staff survey results, the office move, implementation of the Time and Resource Management system and engagement with the trades unions on pay.</p>	
9.4	<p>The Head of Finance provided an update on the current financial position, explaining that a small surplus was currently projected following the implementation of in year savings; however, a risk remained in relation to income delivery.</p>	
9.5	<p>The Board explored:  <u>Risks to audit delivery</u>, taking account of strategic and operational risks and challenges in resourcing and recruitment. The EDAS explained that there had been some delays in audits for central and local government accounts, largely due to external factors, but that some performance audits had been moved to support delivery. She confirmed that resignations had created pressure which impacted on staff. The Board suggested that it would be helpful for a snapshot on audit delivery to be included in future</p>	BS

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	<p>iterations of the report. The Board Secretary would record that feedback for the review of the report.</p> <p><u>Vacancy savings, their impact and sustainability</u>. The Chief Executive explained that while in-year savings had been achieved through placing a hold on some recruitment and churn in the organisation, the ELT was seeking to take a more rigorous and sustainable approach to planning savings and maximising income. The Board noted that the Finance Committee expected assumptions around vacancy savings to be included in the budget, in line with other bodies. The Board encouraged management to be realistic in any projections for vacancy savings to reflect the increasingly limited scope for achieving savings in this way.</p> <p><u>Risks related to staff engagement</u>, in light of the results of the staff survey. The Board agreed that the ELT would review risks on staff engagement as part of their consideration of the staff survey results, and provide an update for the next report to Board in January.</p>	ELT
9.6	<p>The EDAS presented a paper updating the Board on the roll out of the Time and Resource Management system (TRM), the net resource position and projected income. She highlighted:</p> <ul style="list-style-type: none"> <li>• activity underway to deliver TRM training, address technical glitches and cultural shifts for staff;</li> <li>• the impact of vacancies, including Financial Audit Leads and the challenge of recruiting in a highly competitive market;</li> <li>• the work ongoing to deliver income, by reducing non-audit time and seeking to fill vacancies quickly.</li> </ul>	
9.7	<p>The Board discussed the complexity of planning and resourcing audit delivery and income generation, recognising that plans could be adversely affected by matters outside the control of management. The Chief Executive explained that short term solutions were being implemented for the remainder of the current year, and a more fundamental review of the approach to fee income generation would inform the development of options for the future.</p>	
8.8	<p>The Board noted that improved information would support the planning process over time and regular sense checks would be carried out on the live data, to ensure accuracy.</p>	
9.9	<p>The Board noted the integrated performance report, which the task and finish group would review taking account of the IA management information review and feedback from members.</p>	Chair / EDCC
<b>10</b>	<b>Fee Scheme</b>	
10.1	<p>The EDCS presented a paper seeking the Board's approval of the Fee Scheme for 2023-24. He explained that the proposed switch from fees to WCF funding was not included but he intended to provide an early briefing to the Finance Committee to set out the rationale for pursuing this change for 2024-25.</p>	
10.2	<p>The Head of Finance confirmed that while the increases associated with ISA315 were not yet known it would be prudent to lay a Fee Scheme in line with that already seen by Finance Committee.</p>	

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10.3	The Board approved the Fee Scheme for 2023-24 for consideration by Finance Committee.	
<b>11</b>	<b>Report from the Remuneration and HR Committee</b>	
11.1	The Chair presented the report of the Remuneration and HR Committee meeting held on 15 November and highlighted the recommendations to Board for approval. She suggested that the recommendations relating to the People and Organisation Development Strategy and Delivery Plan be considered as part of that item.	
11.2	As recommended by the Committee, the Board approved: <ul style="list-style-type: none"> <li>• the industrial action policy;</li> <li>• the addition of non-paid benefits, with wider publicity on the value of the benefits package internally and during recruitment; and</li> <li>• the adoption of a 1-2-1 coaching approach to performance appraisal, subject to providing suitable training for line managers and monitoring the formal aspects of the process around objective setting and recording learning and development.</li> </ul>	
11.3	The Committee Chair reminded members that a comprehensive paper had been provided which outlined the options for travel centres and provided detailed analysis and financial modelling, and the Committee had discussed that in detail. On the basis of the Committee's recommendation the Board was content to approve the proposal to formally consult with staff based on option 2, home travel centres; and to postpone that formal consultation until a decision was made on the future of the Abergele office.	
11.4	The Board briefly discussed the update on the internal whistleblowing item, noting that the investigation had been delayed but that the process issues raised would be reviewed as part of the annual governance review. The disclosure would be incorporated in the annual report on whistleblowing to the A&RAC.	
11.5	The Board otherwise noted the report.	
<b>12</b>	<b>People and Organisation Development Strategy and Delivery Plan</b>	
12.1	The Head of HR presented a paper updating the Board on the development of the People and Organisation Development Strategy to align it to the five-year strategy, and the Delivery Plan to incorporate clear and prioritised outcomes. She outlined progress against the delivery plan and proposed postponing the review of the Smarter Working Policy and job evaluation work.	
12.2	The Board briefly discussed the plan for an integrated learning and development programme and provision of Welsh language learning, and the Head of HR would add target dates for these actions to the delivery plan.	
12.3	On the recommendation of the Remuneration and HR Committee, the Board: <ul style="list-style-type: none"> <li>• approved the People and Organisation Development Strategy and Delivery Plan, including the revised outcomes and measures;</li> <li>• noted the progress in delivery made to date; and</li> </ul>	

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	<ul style="list-style-type: none"> <li>agreed to the postponement of the review of the Smarter Working Policy until April 2023 and postponement of job evaluation work until January 2024.</li> </ul>	
<b>13</b>	<b>Any other business</b>	
13.1	There was no other business.	
<b>14</b>	<b>Review of the forward work programme</b>	
14.1	The Board noted its forward work programme which would be kept under review.	
14.2	The Board agreed that it would be happy for the ELT to periodically review the assumptions underlying its decision in 2019 not to contract out audits of principal and town and community councils and for the ELT to involve the Board in the event of a change in circumstances or proposed change in approach. The Board Secretary would update the work programme.	BS
<b>15</b>	<b>Review of the meeting</b>	
15.1	<p>The Board welcomed feedback from the observers who commented on:</p> <ul style="list-style-type: none"> <li>the variety of the topics covered and breadth of the discussions;</li> <li>the depth of the discussion on the people survey which reflected the value of staff to the Board;</li> <li>the use of the integrated performance report to give a bigger picture view; and</li> <li>the potential to include observers' reflections in the blog to provide a different perspective on the role and operation of the Board.</li> </ul>	
14.2	<p>Board members commented on:</p> <ul style="list-style-type: none"> <li>the value of the discussions on the people survey results;</li> <li>the challenge of maintaining focus at a strategic level, and not straying into operational detail;</li> <li>the challenge of avoiding repetition or cyclical discussions; and</li> <li>the time allowed for the meeting, with calendar appointments continuing to reserve 6 hours - the Board Secretary would adjust appointments to 4 hours</li> </ul>	BS
<b>15</b>	<b>Date of next meeting</b>	
15.1	<p>Board &amp; ELT Development: Monday 05 and Tuesday 06 December 2022  Strategic Meeting: Thursday 26 January 2023  Business Meeting: Thursday 16 February 2023</p>	