

Wales Audit Office Board
Minutes of the meeting on Thursday 26 January 2023

Members:

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
Darren Griffiths	Nominated employee member
David Francis	Non-executive member and Senior Independent Director (Chairing)
Elinor Gwynn	Non-executive member
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee

Apologies:

Lindsay Foyster	Board Chair and non-executive member
Kevin Thomas	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	Board Secretary (minutes)
Chris Bolton	AD&G Manager Research and Development (item 2)
Martin Peters	Head of Law & Ethics (item 2)
Nicola Evans	Head of Finance (item 3)

Observing:

Kathryn Chamberlain	NEM and Board Chair designate
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Item	Agenda
1.	Chair's welcome and apologies for absence
2.	Horizon scanning update
3.	Financial update and sustainability review
4.	People survey results and management response
5.	Board learning and development 2023-24
6.	Any other business
7.	Date of next meeting

Item	Minutes	Action
Standing Items		
1.	Chair's welcome and apologies for absence	
1.1	The Chair welcomed members and those in attendance, including Darren Griffiths who was attending his first Board meeting as a member (and would write the blog) and the Board Chair designate Kathryn Chamberlain. He noted apologies for absence from Lindsay Foyster and Kevin Thomas.	DG

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1.2	The Chair noted that in the absence of Lindsay Foyster the meeting would not be quorate. In accordance with the Board's Terms of Reference this meeting would be for the purpose of informal discussions only and any decisions would be deferred to the business meeting on 16 February 2023.	
2.	Horizon scanning update	
2.1	The EDAS introduced a paper providing a horizon scanning update which outlined the key issues and opportunities informing the development of the Auditor General's forward work programme.	
2.2	<p>The AD&G Manager spoke to a presentation and outlined:</p> <ul style="list-style-type: none"> • the process for, and factors influencing, the development of the work programme; • the themes underpinning the forward work programme; • emerging issues impacting the delivery of financial audit; • external pressures and their impact on Audit Wales and public sector finances; • potential opportunities for exploration; and • the development of the horizon scanning process. 	
2.3	The Head of Law & Ethics explained the work conducted to scan for and respond to developing legislation and legislative and other changes that could impact the delivery of the functions of the Auditor General and the WAO. The Board noted that the Law & Ethics team actively engaged in a broad range of matters which could impact the organisation, including changes to professional ethics, but would usually comment on policy only where this was relevant to running the business or delivery of the Auditor General's functions (taking account of the prohibition on not commenting on the merits of policy in many of the Auditor General's functions).	
2.4	<p>The Board discussed the ambition to use Audit Wales' cross sectoral perspective to conduct thematic work to support improvement and provide value for the people of Wales, recognising that:</p> <ul style="list-style-type: none"> • much of the Auditor General's local work was required by statutory duties, while wider cross cutting work was performed under a combination of powers; and • funding for different sectors had an impact on the work carried out. <p>The Board noted that the Auditor General's work programme was varied, he was able to deliver a range of outputs and the GPX team shared good practice through its events and outputs.</p>	
2.5	<p>The Board also discussed:</p> <ul style="list-style-type: none"> • the benefits of horizon scanning in providing a depth of understanding to inform the development of the work programme and planning its delivery; 	

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	<ul style="list-style-type: none"> • the implications of new developments, such as the expanding use of Artificial Intelligence; and • the horizon scanning process, the skills, knowledge and networks that could inform it, including the role of Board members in feeding in relevant intelligence and the plan for a summit to draw together and develop the contributions of all involved. 	
2.5	The Board thanked the AD&G Manager and Head of Law and Ethics for an informative presentation and noted the update.	
3.	Finances	
(a) financial update		
3.1	The Head of Finance provided an update on the financial position at the end of December and the forecast position at year end. She was currently forecasting a year-end surplus, but this would be dependent on income delivery in the final quarter.	
3.2	<p>The Board discussed;</p> <ul style="list-style-type: none"> • the factors impacting income delivery, including sickness absence, industrial action and vacancies. The Head of Finance assured the Board that income delivery and the factors affecting it were being monitored weekly; • the level of spend on travel and subsistence, noting that working patterns had not yet been fully re-established. The EDAS explained that plans for future working were expected to include more office and client working to support productivity, learning and development (in the face of higher exam failure rates) and wellbeing; • the benefits of HUB planner in providing real time data to underpin more accurate forecasting, noting the increased expectations on managers and staff to input the information to achieve this. The EDAS confirmed that protocols were being developed for the use of the system and management would provide feedback to staff on the positive impact of their contribution; and • how any year end surplus might be used, noting that management had made a commitment to the trades' unions to consider a non-consolidated payment to staff. Management explained that such a payment would require a significant balance and other options that would deliver recurrent savings could be considered if there was a smaller amount. 	
3.3	The Board noted the update.	
(b) financial sustainability review		
3.4	The EDCC updated the Board on the process and principles underpinning a medium to long term financial sustainability review. She outlined activity to date, the focus for the next meetings of the steering group and plans for communicating with staff. She explained that a measured and risk-based	

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	approach was being taken with the Head of Law and Ethics advising on any potential impact on the functions of the Auditor General and the WAO.	
3.5	<p>The Board discussed with management:</p> <ul style="list-style-type: none"> • the importance of ensuring that the Auditor General had sufficient funding to deliver his statutory functions, taking account of the value of public audit and the risks of cutting audit at a time of financial pressure; • the need for an immediate focus on identifying savings to deliver the 2023-24 budget, while developing the review to ensure organisational sustainability, efficiency and effectiveness in the medium to long term; • communicating effectively with external stakeholders including audited bodies, the Welsh Government and the Senedd Finance Committee; • the plans for timely and consistent engagement with, and involvement of staff, including the potential for seeking staff input and recognising realisable proposals; • balancing the assurance provided by a robust process with the ability to deliver timely actions to realise the benefits of the review; and • assessing the potential impacts of any proposals from an audit delivery and quality perspective and more widely to take account of matters such as equalities, Welsh language and sustainability. 	
3.6	The EDCC assured the Board that management would take account of the Board's input in taking the review forward, and in planning staff engagement.	
3.7	The Board noted the report and that an update would be tabled for its meeting in March 2023.	
4.	People survey results and management's response	
4.1	<p>The EDCC presented a paper summarising the survey scores where notable improvement or decline was seen, benchmarked against CSPA overall survey scores for 2021 (2022 CSPA scores not yet available). She explained:</p> <ul style="list-style-type: none"> • that management had reviewed the scores in the context of the survey comments and planned to focus efforts on addressing resourcing, leadership and staff engagement which had been identified as the key areas underlying the lower scores; • a specific action plan would not be developed - activity would augment other work underway, such as delivery of the People and Organisational Development Strategy, reviewing internal communications, delivery of the People Manager programme and implementing new audit quality standards; and • the activity and approach planned for 2023-24, which would involve the ELT, Board, Directors, Heads of Service and the HR and Communications Teams. 	
4.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the impact of a positive organisational culture, in creating a sense of belonging, inclusivity and pride, on staff satisfaction; 	

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	<ul style="list-style-type: none"> • the benefits of in person working and events (such as a conference) to bring all staff together; • developing strong and positive internal communications channels; • how management could demonstrate their response to the survey through clear and regular reference to it (you said...we did), in the absence of a detailed action plan; • the value of providing opportunities for two-way engagement / dialogue at the planned ELT roadshows; and • the conflicting messages in the survey results and how periodic pulse surveys and encouraging staff to score positively or negatively (rather than neutrally) could help with interpretation. 	
4.3	The Board noted the report.	
5.	Board learning and development	
5.1	The Chair asked members to consider and highlight any specific learning and development needs for 2023-24 for budget planning purposes.	All
5.2	The Board briefly discussed the learning and development opportunities available through LinkedIn learning, its work programme, GPX events and material and Audit Wales staff training.	
6.	Any Other Business	
6.1	The Board agreed that its meeting on 08 June 2023 would move to a later time to accommodate member availability: premeeting at 1.30pm, Board meeting at 2pm.	BS
7.	Date of next meeting	
7.1	Board Business Meeting: 10am, Thursday 16 February 2023	