

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Members:

Lindsay Foyster	Chair and non-executive member
Adam Marshall	Elected employee member
Adrian Crompton	Chief Executive and Auditor General for Wales
Alison Gerrard	Non-executive member and Chair of the Remuneration & HR Committee
Anne Beegan	Elected employee member
Darren Griffiths	Nominated employee member
David Francis	Non-executive member and Senior Independent Director (SID)
Elinor Gwynn	Non-executive member
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee

Apologies:**In attendance:**

Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Kevin Thomas	Executive Director of Corporate Services (EDCS)
Katherine Drysdale	Board Secretary (minutes)
Ceri Hughes	Change Programme Manager (item 9)
Darren Evans	Procurement Partner (item 11)
Laurie Davies	Head of Business Services (item 8)
Shelley Evans	Finance Lead (item 7)
Yazmin Steelandt-Humphries	Data Protection Officer (item 9)

Observers:

Kathryn Chamberlain	Non-executive member and Board Chair designate
Michelle Phoenix	Audit Manager
Debra Allen	Executive Assistant
Sabel Wiliam	Senior Auditor

Item	Agenda
1	Chair's welcome and apologies for absence
2	Declarations of interest
3	Review of minutes: Board meeting 16 February 2023
4	Review of action tracker
5	Report of the Chief Executive and Auditor General
6	Chair's update
7	Finances: year end position and financial sustainability review
8	Our Future Workplaces: Penllergaer and Abergele Leases
9	Annual Plan 2023-24
10	Report from the Audit and Risk Assurance Committee
11	Data Protection Officer: annual report
12	ACA training contract
13	Board effectiveness: update

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Agenda
14	Any other business
15	Review of the forward work programme
16	Review of the meeting
17	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.	
1.2	Ian Rees would write the meeting blog, incorporating key messages captured by the EDCC.	IR / EDCC
2	Declarations of interest	
2.1	The Chair noted that employee members and all staff present had an interest in item 7 (Finances). For reasons of confidentiality, the staff observers would leave the meeting for the year end finances to be discussed in private. Michelle Phoenix and Sabel William declared an interest in item 8 (Our Future Workplaces) in so far as it related to the Abergele office.	
3	Review of minutes: Board meeting 16 February 2023	
3.1	Subject to a correction at paragraph 7.3, the Board approved the minutes of its meeting on 16 February 2023 as an accurate record.	
4	Review of action tracker	
4.1	The Board reviewed the action tracker which the Board Secretary would update. WAOB/22/051 (Welsh language strategy): update to be planned into work programme. WAOB/22/052 and 053 (Stakeholder engagement / KPI development): the independent stakeholder surveys were underway with a report expected in early summer. WAOB/22/055 (financial Reports): periodic updates on abatements would be provided via the integrated performance report to provide assurance to the Board that abatements were being appropriately managed.	BS
4.2	In response to a question regarding any matters of which the Board should have early warning (in the absence of a tabled performance update) management indicated that, save for finances which would be covered later in the meeting, their key concern related to recruitment and filling vacancies.	
5	Report of the Chief Executive and Auditor General	
5.1	The Auditor General and Chief Executive presented his report and highlighted that: <ul style="list-style-type: none"> he would be giving evidence to the Senedd Climate Change, Environment and Infrastructure Committee on findings from the net 	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
	<p>zero reports published in July/August 2022, and was pleased to see this use of his work;</p> <ul style="list-style-type: none"> • arrangements for the Cardiff office move were well underway; • an audit quality symposium was planned for 20 April 2023, and Board members would be welcome to attend; • a second day of industrial action by PCS members was taking place today (15 March), the Prospect trades' union would be re-balloting its members on taking action and the PCS trades' union was expected to ballot its members regarding further action. 	
5.2	<p>The Board sought an update on the impact of resourcing gaps on the delivery of 2022-23 audits. The EDAS explained that the ELT had approved additional senior auditor roles to increase the establishment that would be needed post implementation of ISA315. However, not all posts had been filled, some work was outstanding on 2021-22 audits and audits were not running to the usual cycle. This combination of factors meant that there would be a shortfall in resources if Audit Wales wanted to get back to the normal cycle of audit delivery. She assured the Board that interventions were in place to seek to fill the resource gaps and realign work to the normal cycle over a three-year period, based on realistic deadlines to avoid placing staff under unnecessary pressure.</p>	
5.3	<p>The Board was keen to understand the feedback from stakeholders regarding the likely delay to audit delivery dates and the impact on working relationships with audited bodies. The Auditor General and EDAS explained that:</p> <ul style="list-style-type: none"> • the AGW had written to the health sector to deliver messages regarding increased fees and delayed delivery dates, and similar communications were planned for local and central government; • a meeting had been offered to, and taken place with, most NHS Audit Committee Chairs to explain the need for realistic deadlines and this had been largely supported or accepted, though not necessarily welcomed; • meetings with Local Government and other sectors would also be offered; and • the EDAS had spoken to the Welsh Government about plans for audit delivery dates for the different sectors and they were generally supportive. 	
5.4	<p>In response to a request for an update on the ELT roadshows, management explained that the sessions delivered so far appeared to have been well received, but that some sessions had been delayed to allow fee earning staff to focus on income delivery during March. Feedback was being collected through post event questionnaires and this would be reviewed alongside the IA report on the review of stakeholder feedback to inform the second round of engagement planned for the autumn.</p>	
5.5	<p>The Board noted the report.</p>	
6	Chair's Update	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
6.1	The Chair presented her written report updating the Board on her activity since the last Board meeting.	
6.2	The Board noted the report.	
7	Finances	
(a) year-end position (taken in private – minutes at 7.2 - 7.4 redacted)		
7.1	The staff observers left the meeting.	
7.2	Redacted: the item relating to the year-end position was taken in private for reasons of confidentiality and for the effective conduct of business.	
7.3	Redacted	
7.4	Redacted	
(b) financial sustainability review		
7.5	The staff observers re-joined the meeting.	
7.6	The EDCC updated the Board on the rationale for the financial sustainability review and the workstreams established to develop options for bridging the financial gap, looking both at potential savings and opportunities to generate additional income. She explained that proposals for savings for the 2023-24 financial year would be reported to the Board in June, including any recurring savings arising from planned business activities completed at the 2022-23 year end (discussed at item 7a).	
7.7	The Board was keen to understand how staff were being engaged in the process and how they might contribute to ideas generation. The EDCC explained that the review was being introduced to staff as part of the ELT roadshows and she would be developing an internal communications plan. She was keen for the steering group to lead on the generation of initial proposals, and would consider whether to seek wider input in respect of the medium to longer term.	
7.8	The Board briefly discussed: <ul style="list-style-type: none"> • the impact of recruiting staff which would add to the costs base, noting that roles being added were fee earning and associated costs were expected to be covered by the income generated by the roles; and • the timing for implementing savings for both 2023-24 and in the longer term, including considering voluntary exit applications at an early point in the financial year where these could offer in-year or future year savings. 	
7.9	The Board suggested: <ul style="list-style-type: none"> • considering a zero-base approach to reviewing all budgets, not just those with a historical underspend; • developing a clear narrative to explain the work already done to make Audit Wales more efficient and cost effective; • carefully considering the risks of taking on commercial work, including the potential impact on Audit Wales' ability to deliver its core functions; • taking a long-term view, considering how audited bodies might look and operate in the future; and • collaborating with external partners to share insights and input. 	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
7.10	The Board encouraged management to take account of the suggestions discussed and seek to implement identified savings within their delegated authorities as early as possible in the new financial year.	
7.11	The Board otherwise the noted the report and that a further update would be provided in June.	
8	Our Future Workplaces	
8.1	The Head of Business Services presented a paper outlining the terms proposed for the extension of the Penllergaer office lease, and the options for terminating the lease of the Abergele office to allow relocation to premises that would better suit Audit Wales' business needs and offer value for money.	
8.2	<p>The EDCS explained that feedback had been sought from staff in North Wales and the trades' unions, and there was strong support for maintaining an office in central North Wales, with recognition of the need to secure value for money. He explained that:</p> <ul style="list-style-type: none"> • the paper outlined options for alternative premises, but these were yet to be fully appraised and were provided to illustrate that alternative premises were available; and • there were risks to terminating the Abergele lease with effect from September, but delaying might result in the loss of opportunities to secure suitable alternative premises. 	
8.3	The Board sought assurance that the risks of terminating the Lease at the early break point were manageable and that the Business Services team had the time and resources to engage with staff, appraise the options and manage an office move by September. The Head of Business Services confirmed that she was satisfied that there were several alternative premises available and following completion of the Cardiff office move she would be able to start the review and engagement process with a view to bringing the options appraisal to the Board in June or July for decision.	
8.4	In response to a comment from a staff observer the Chair explained that the Board had been made fully aware of staff concerns regarding the potential termination of the Abergele lease. She clarified that the Board had not at any point been asked to consider the closure of the Abergele office without securing alternative premises that would meet business and staff needs.	
8.5	<p>The Board approved:</p> <ul style="list-style-type: none"> • execution of a new lease of the Penllergaer office for a period of 2 years until April 2025, noting that plans for West Wales office accommodation would be reviewed prior to the end of that Lease term following the approach taken for consideration of the South and North Wales office accommodation to ensure equity across organisation; • serving notice to terminate the lease of the Abergele premises with effect from the break point in September 2023 at which point the premises would be vacated; and 	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
	<ul style="list-style-type: none"> relocating into either shared premises or into a smaller office in North Wales, options for which would be presented to the Board in June or July 2023. 	
9	Annual Plan 2023-24	
9.1	The Change Programme Manager presented the near final draft Annual Plan for 2023-24 and outlined the changes made to take account of earlier feedback. She would arrange to carry out a post project learning exercise (with representation from the Board) on the process for 2023-24 to inform the approach for 2024-25.	
9.2	<p>The Board:</p> <ul style="list-style-type: none"> acknowledged the work that had gone into the development of the annual plan in its revised format; approved the near final draft annual plan, noting that minor refinements would be made; and authorised the Chair and Auditor General to approve and sign the final version for laying. 	Chair / AGW
10	Report from the Audit & Risk Assurance Committee	
10.1	<p>The SID presented the report of the Audit & Risk Assurance Committee meeting held on 22 February 2023, which he had chaired. He drew the Board's attention to:</p> <ul style="list-style-type: none"> the positive internal audit report on budget management, which provided assurance but highlighted the level of dependence on the successful operation of the Time and Resource Management system; the annual report from the SIRO which highlighted a specific risk relating to the provision of data for Town and Community Council Audits, where the Committee had suggested documenting the risks and processes followed to mitigate them; the excellent paper (available in the A&RAC team folder) which provided assurance on Audit Wales' approach to managing cyber security and mitigating cyber risks; and the Committee's proposal, subject to Board advice, for a deep dive into the risks associated with failure to implement key strategic audit quality standards. 	
10.2	<p>The Board:</p> <ul style="list-style-type: none"> confirmed that it was content for the Audit & Risk Assurance Committee to conduct a deep dive review of the strategic risk relating to audit quality, and the Committee Chair would liaise with the ELT to plan the focus and timing for that review; acknowledged that cyber risk was a whole Board responsibility, and the Board planning group would consider how to maintain Board awareness of cyber risks; and otherwise noted the report. 	IR BS
11	Data Protection Officer: annual report	
11.1	The DPO presented her annual report outlining the key findings and recommendations from her work, and providing an update on	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
	<p>developments and risks with personal data processing. She drew the Board's attention to:</p> <ul style="list-style-type: none"> • the programme of refresher training for all staff, which was providing insights which would inform the future focus of her work; • improvements to the template for Data Protection Impact Assessments to reflect ICO advice and the internal culture around their completion; • an increase in near miss or minor data breaches reported since the roll out of her training programme, demonstrating a better understanding of internal processes; • the benefits of maintaining cyber essentials plus accreditation in the face of queries and challenge from audited bodies on Audit Wales' cyber arrangements to ensure security in accessing and transferring data; • pending legislation on data protection law reform; and • the recommendations outlined in her report. 	
11.2	<p>The EDCS explained that management endorsed the recommendations and advice in the DPO's report and that:</p> <ul style="list-style-type: none"> • any additional resources for the Law & Ethics team would be viewed in the light of the financial sustainability review and take account of the resource pressures in audit services as well as the challenges of recruiting to audit lead posts; • two campaigns in 2022-23 for recruitment to the records manager role had been unsuccessful and he would review the role and approach to recruitment with a view to a further campaign in 2023-24; • he would review the timescales for the work recommended on cyber essentials plus renewal and business continuity with the Heads of IT and Business Services respectively when the office move had been completed; • an Internal Audit review of data protection compliance was planned for 2023-24 which might complement the work of the DPO and so alleviate resource pressures. 	
11.2	<p>The Board asked that management provide a written response to the DPO report and for activity against the recommendations to be tracked. The EDCS would provide a response to the DPO, and the Board Secretary would consider how to track and subsequently report progress against the recommendations.</p>	<p style="text-align: center;">EDCS BS</p>
11.3	<p>The Board noted the DPO's annual report and endorsed her recommendations that:</p> <ol style="list-style-type: none"> i. management identify additional resources for the L&E team (0.3 of a senior auditor or equivalent), to support the separation of duties of the DPO to undertake their statutory role without conflict of interest; ii. management renew the Cyber Essentials Plus certificate (due to expire June 2023), and prioritise cyber review and improvement work; iii. management and the business continuity team carry out continuity exercises to support personal data breach preparedness; 	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
	iv. management prioritise the appointment of a dedicated and suitably qualified records manager; v. all Information Asset Owners actively encourage staff within their areas of responsibility to follow the Information Governance Policy for secure transfers, processing and storage of personal data and consult the DPO for advice on higher risk activities (via next team/cluster meetings and no later than September 2023); vi. the DPO assess staff awareness of when and how to complete a DPIA and understanding of the functions of the DPO via an online test (to be combined with the next Information Governance Return in May 2023); and vii. the DPO be given early sight of the 'Ymlaen' programme of work and involved in a timely manner by management and the change team in projects which potentially involve processing of personal data.	
11.4	The Board also noted that the DPO had offered a tailored data protection refresher training session for the Board and the Board Secretary would liaise with the DPO to build this into the work programme.	BS
12	ACA training contract	
12.1	The Procurement Partner outlined the process and outcome of a procurement exercise to secure professional ACA (Associate Chartered Accountant) training provision. He explained that two bids had been received and evaluated, and outlined the assumptions made in relation to the annual costs.	
12.2	In response to questions the EDAS confirmed that: <ul style="list-style-type: none"> • a budget for professional ACA training had been included in the Estimate which was expected to be sufficient, and in the event of underspend against budget the balance would be returned to the WCF; and • using an external provider for professional training ensured that trainees received consistent training and were well prepared for exams. 	
12.3	The Board approved the award of a contract for Professional ACA Training to Kaplan Financial, for an initial 2-year period, with the option to extend in two 12 month increments to a maximum of 4 years.	
13	Board Effectiveness	
13.1	The Board Chair presented a paper outlining the key themes from the 2022 Board effectiveness self-assessment and proposing actions to deliver improvement.	
13.2	The Board discussed the themes and actions: <u>Strategic delivery</u> The EDCC and SID would consider how to link understanding and oversight of the cumulative delivery of the 5-year strategy to the scheduled Board discussions on horizon scanning and environmental analysis, starting in July 2023. <u>Strategic risk management</u>	EDCC / SID

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
	<p>The EDCC, with the Chair of the A&RAC, would propose an approach to effective and dynamic strategic risk management for early engagement and discussion with Board, potentially at its May development session. The Board noted that the ELT was reviewing its approach to risk management to draw out and focus on key current strategic risks, and reminded the ELT to take account of Treasury and other applicable guidance to ensure the development of a compliant and proportionate approach.</p> <p><u>Financial planning, forecasting and reporting accuracy</u></p> <p>The EDCCS, with the Chair of the R&HRC and input from the EDAS, would draw on the internal audit recommendations to plan and agree the financial information to be reported to the Board through the Integrated Performance Report, with a subsequent assessment of the level of accuracy of the information provided to the Board during 2023-24.</p> <p><u>Stakeholder engagement</u></p> <p>The EDCC, with input from the incoming Board Chair, would develop a Stakeholder and Engagement Strategy for early input by the Board, potentially at its May development session.</p>	<p>EDCC / IR</p> <p>EDCCS / AG / EDAS</p> <p>EDCC / Chair</p>
13.3	<p>The Board Secretary provided a verbal update on the results of a short survey of members regarding the frequency and pace of Board meetings; she would circulate an anonymised summary to members. The Board Secretary and incoming Board Chair would consider the results in planning the forward approach to meetings.</p>	<p>BS / Chair</p>
14	Any other business	
14.1	There was no other business.	
15	Review of the forward work programme	
15.1	The Board noted its forward work programme.	
16	Review of the meeting	
16.1	<p>The Board welcomed feedback from the observers who commented on:</p> <ul style="list-style-type: none"> • the inclusive feel of the meeting • the depth of the discussions and level of challenge; • the potential for conducting meetings through the medium of Welsh; • the potential for some papers to be more concise; and • how staff and engagement with staff was clearly at the forefront of the Board's thinking 	
16.2	<p>Board members and ELT commented on:</p> <ul style="list-style-type: none"> • the helpful addition of the cover sheets which were currently being trialled; and • the positive collaborative approach between Board and ELT. 	
16.3	<p>The Board thanked Lindsay Foyster for her dedication and contribution to Audit Wales, her chairing and leadership through the challenges of the pandemic and its aftermath and her investment and focus on developing the Board, its effectiveness and relationships. Members recognised Lindsay's energy and commitment to the organisation and its people. Members thanked Lindsay for her support and expressed their good wishes for the future.</p>	

Wales Audit Office Board
Minutes of the meeting on Wednesday 15 March 2023

Item	Minutes	Action
17	Date of next meeting	
17.1	Board / ELT development - 15 and 16 May 2023 (Cardiff) Business – 08 June 2023 (Teams)	