

Wales Audit Office Board
Minutes of the meeting on Thursday 08 June 2023

Members:

Kathryn Chamberlain	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
Darren Griffiths	Appointed 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

In attendance:

Andrew Clark	Independent member of the Audit & Risk Assurance Committee
Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Kevin Thomas	Executive Director of Corporate Services (EDCS)
Katherine Drysdale	Board Secretary (minutes)
Ceri Hughes	Change Programme Manager (items 7 and 8)
Laurie Davies	Head of Business Services (item 11)
Nicola Evans	Head of Finance (items 7 and 8)

Observers:

Natalie Hudson	Change Project Manager
Nathan Couch	Performance Audit Lead (Health)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	Report of the Chief Executive and Auditor General
4	Chair's update
5	Review of minutes: Board meeting 15 March 2023
6	Review of action tracker
7	Report from the Audit & Risk Assurance Committee meeting 06 June 2023, including the Committee's annual report to the Board and updated Terms of Reference
8	Annual report and accounts 2022-23
9	Integrated Performance Report
10	Financial Sustainability Review
11	Our Future Workplaces: North Wales Office
12	ELT Annual Report

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13	Report from the Remuneration & HR Committee (23 March 2023 and 02 May 2023, and the Committee's annual report to the Board including updated Terms of Reference
14	Biodiversity Plan
15	Board effectiveness: process and timetable for self-assessment 2023.24
16	Any other business
17	Review of the forward work programme
18	Review of the meeting
19	Date of next meeting: Board meeting with Trades Unions - 18 July 2023 Board meeting – 18 and 19 July 2023

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 that Anne Beegan would write the blog for the June meeting and would invite staff feedback on the blog to inform the future approach which would be discussed in September.	AB
1.2	There were no apologies for absence from the meeting.	
2	Declarations of interest	
2.1	There were no declarations of interest.	
3	Report of the Chief Executive and Auditor General	
3.1	The Auditor General and Chief Executive presented his update and drew the Board's attention to: <ul style="list-style-type: none"> • audit delivery: a pilot for paid overtime would be initiated to help address the backlog of work; the ELT intended to closely monitor the trial to review income delivery against costs, the impact on the backlog and the impact on staff. • industrial action: further industrial action was being taken by PCS members over two days and Prospect members on one day. Strike action was taken by approximately 30 PCS members on each day, with approximately 35 members of Prospect striking on 08 June. • the Finance Committee visit to the Capital Quarter office, which appeared to have been well received. 	
3.2	The Board discussed: <ul style="list-style-type: none"> • the overtime pilot, seeking assurance that the impact on staff wellbeing would be monitored. The ELT explained that there would be no obligation for staff to participate, an upper limit of 5 hours per week and participation would be closely monitored. 	

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	<ul style="list-style-type: none"> the design session with West Wales staff at the Penllergaer office which looked at how that office space could be used more flexibly, seeking assurance that a budget would be available to respond to reasonable suggestions. The EDCS confirmed that a budget for office improvements covered all the offices, the suggestions so far appeared affordable and, subject to further exploration, could be accommodated from that. 	
3.3	The Board noted the report.	
4	Chair's Update	
4.1	The Chair presented her written report which outlined her activity since taking office, a summary of the actions logged from the Board ELT development day and the decisions made under Chair's action for ratification.	
4.2	<p>The Chair led a brief discussion on the draft development day actions and the Board agreed that:</p> <ul style="list-style-type: none"> where the actions were sufficiently clear these would be recorded on the Board action tracker for taking forward; the Chair to work with the EDCC to develop the approach for Board external engagement, with specific and purposeful tasks or actions for members, and bring a paper to the Board in September; the Chair to work with the EDCC to develop the approach for Board internal engagement as part of a further session on organisational culture which would also be tabled for the September Board meeting, to which Directors and Heads of Service would be invited to enable a joint conversation with leaders across the organisation; and an incremental approach be taken to the internal publication of Board papers with effect from the July Board meeting, to support greater transparency with staff. 	<p>BS</p> <p>Chair</p> <p>BS</p> <p>BS</p>
4.3	<p>The Board ratified the matters considered virtually by the Board including:</p> <ul style="list-style-type: none"> the initial steer provided on the development of the pay strategy for 2023-24; approval of the pay strategy and negotiating parameters; and agreement that management would explore (in collaboration with the trades unions) the potential to offer more flexibility in working patterns for future consideration by the Board. 	
4.4	The Board otherwise noted the report.	
5	Review of minutes: Board meeting 15 March 2023	
5.1	The Board approved the minutes of its meeting on 15 March 2023 as an accurate record.	
6	Review of action tracker	
6.1	The Board received updates against actions which the Board Secretary would reflect on the tracker, including:	BS

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	<ul style="list-style-type: none"> • WAOB/22/052/3 (stakeholder engagement): the external report had been received and would be considered by the ELT in June; item to be tabled for September Board meeting; • WAOB/22/058 (board blog): blog for the June meeting to invite staff feedback on the blog to inform future approach which would be discussed in September; • WAOB/22/062-070 (DPO report): update on progress against recommendations and activity on the tracker to be provided to the A&RAC at the 6-month point; and • WAOB/22/072 (strategic delivery): cumulative position on delivery against the five-year strategy would be covered in future Integrated Performance Reports. 	AB
7.	Report from the Audit & Risk Assurance Committee meeting 06 June 2023, including the Committee's annual report to the Board and updated Terms of Reference	
7.1	<p>The Chair of the Audit & Risk Assurance Committee presented his report of the Committee's meeting on 6 June. He highlighted:</p> <ul style="list-style-type: none"> • the final internal audit report for 2022-23 on stakeholder engagement which had a limited assurance rating, explaining that management had provided a satisfactory response to address the recommendations in the report; • the Committee's discussion on the cost to complete assessment which was highlighted in the audit findings report; and • that, subject to the views of the Board, the Committee was planning a deep dive strategic review of the TRM system at its meeting in September. 	
7.2	<p>The Board briefly discussed the Whistleblowing report, noting that the Committee was satisfied with the arrangements outlined but had asked that the related training be expanded to reflect the broader context and culture of the policy. The Board noted that the ability and mechanisms for staff to speak out were not confined to disclosures under, or training related to, the Whistleblowing Policy.</p>	
7.3	<p>The Chair of the Audit & Risk Assurance Committee presented the Committee's Annual Report, effectiveness self-assessment, assessment against the Code of Good Practice for Corporate Governance in Central Government and revised Terms of Reference. He explained that the Committee planned to adopt a less onerous form of self-assessment for 2023-24 and he would be reviewing the outcomes of the 2022-23 review to consider any improvement action needed.</p>	
7.4	<p>The Board approved:</p> <ul style="list-style-type: none"> • the Committee's annual report for 2022-23; • the Committee's revised terms of reference; and • the assessment of compliance with the Code of Good Practice for Corporate Governance in Central Government. 	

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	The Board endorsed the Committee's proposal to conduct a deep dive review into the TRM system.	
7.5	<p>The Chair of the Audit & Risk Assurance Committee summarised the Committee's discussion on the draft annual report and accounts, including the supporting assurances from the Heads of Internal and External Audit. He confirmed that the Committee was content to recommend that the Board:</p> <ul style="list-style-type: none"> • note the comprehensiveness of the assurances received on the annual report and accounts; and • recommend to the Accounting Officer that he should sign the annual report and accounts for 2022-23 and the letter of representation. 	
7.6	The Board noted the Committee's recommendations.	
8	Annual report and accounts 2022-23	
8.1	The Head of Finance presented the final draft annual report and accounts, highlighting the narrative amendments and other adjustments made following the various stages of review since the distribution of the original draft.	
8.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the changes to the year-end position since the report in March, noting that the cost to complete figure had increased but was offset by savings. The Head of Finance assured the Board that more robust processes were being implemented to review and report on performance against budgets, and abatements. • the up to date KPI data on external engagement and audit quality, noting that both showed positive outcomes. • whether the reference to the United Nations sustainable development goals was appropriate, and which the Auditor General would review. 	AGW
8.3	<p>On the strength of the assurances received, subject to the amendments and additions discussed, the Board:</p> <ul style="list-style-type: none"> • approved the near-final draft of the Annual Report and Accounts; • authorised the Chair and Auditor General to approve and sign the final document; and • recommended that the Accounting Officer should sign the annual report and accounts for 2022-23 and the letter of representation. 	AGW / Chair
8.4	The Board recorded its thanks to those involved in preparing and auditing the annual report and accounts.	
9	Integrated Performance Report	
9.1	The EDCC presented a paper providing the quarter three performance update covering the current areas of focus for the ELT, key strategic risks, the financial position to the end of March and delivery against the annual plan KPIs and the five-year strategy.	
9.2	The Board discussed the need for clear monthly financial data to be shared with the Board (without creating separate data to that used by management) including delivery against the income profile and delivery	

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	from core hours or overtime, so gaps could be monitored and any correlation to matters such as sickness absence or industrial action mapped. The Board Chair would arrange to discuss the provision of suitable data with the Executive Directors.	Chair / EDs
9.3	<p>The Board briefly discussed:</p> <ul style="list-style-type: none"> • the emerging concern regarding trainee exam success rates, noting the impact of the pandemic and challenges in attracting graduates to the programme; and • the level of sickness absence, noting that more detailed information was available in the R&HRC packs and would be provided in the annual Health, Safety and Wellbeing Committee report to the Board. 	
9.4	The Board noted the integrated performance report.	
10	Financial Sustainability Review	
10.1	<p>The EDCC presented a paper updating the Board on the progress of the financial sustainability review. She outlined:</p> <ul style="list-style-type: none"> • the savings confirmed for 2023-24, and the elements that were expected to provide recurring savings; • further potential savings for 2023-24, which were subject to further review; and • ideas for future savings in 2024-25 and beyond which needed further development to assess financial and wider benefits. 	
10.2	The Board discussed the proposals, including some points of detail, noting that savings for 2023-24 were against known budgets, and some would be enduring. However, as budgets for future years were not yet known, savings for 2024-25 and onwards would be dependent on the budgets set as part of the Estimate process.	
10.3	The Board noted the progress of the review, taking assurance that savings to address the £500,000 budget gap for 2023-24 had been identified and were expected to be delivered. Management indicated that future reports would cover progress in delivering savings against budgets.	
10.4	In the longer term, the Board recognised that it was likely to be more difficult to identify recurring efficiencies and encouraged management to consider how to balance the need to operate efficiently and cost-effectively, while providing sufficient and appropriate resources for the Auditor General to deliver his functions.	
10.5	The Board was content to endorse the direction of travel of the review, noting that management would progress operational developments within their remit, and seek Board input in respect of novel or contentious proposals.	
11	Our Future Workplaces: North Wales Office	
11.1	The Head of Business Services presented a paper outlining the options for the provision of a North Wales office and the outcome of the options appraisal of the shortlisted premises which had led to the recommendation	

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	for relocation to the Welsh Government Sarn Mynach premises at Llandudno Junction.	
11.2	The Board sought assurance that leasing space within Welsh Government premises would not breach the Ethical Standard and that the concerns raised regarding the ability to work confidentially had been addressed. The Head of Business Services confirmed that the Head of Law & Ethics had advised and was satisfied that the amount payable in rent would be below materiality levels and the working space would not be shared with any audited bodies. She confirmed that she would be writing to the Welsh Government to explain these considerations.	
11.3	The Board was pleased to note feedback from Darren Griffiths who commended management on their approach to engagement with staff based in North Wales.	
11.4	The Board approved: <ul style="list-style-type: none"> • relocation of the North Wales regional office to Sarn Mynach, Llandudno Junction, sharing Welsh Government space; and • entering into a new 10-year lease with 5-year break. 	
11.5	The Head of Business Services outlined the purpose of the Supplementary Estimate appended to her paper, which was needed to seek a non-cash adjustment in respect of IFRS16 for 2023-24 for accounting purposes. She explained that the Finance Committee clerks had been alerted to the need for the Supplementary Estimate so it could be tabled for the Committee.	
11.6	The Board authorised management to seek the Supplementary Estimate as outlined in paper WAOB(71)/23/010c noting that this was required for accounting purposes.	
12	ELT Annual Report	
12.1	The Chief Executive presented his annual report of activity undertaken by the Executive Leadership Team (ELT) during 2022-23. He highlighted the role of the staff panel and that a rolling membership would allow a larger number of staff to be involved with the ELT. He explained that, following feedback, the ELT meeting blog had been replaced with a periodic all staff email with key messages.	
12.2	In response to a question on the similarities between the ELT and the Change Programme Board (CPB), the Chief Executive explained that the CPB had been established as a separate entity for workload management reasons and to ensure key staff were involved. However, it was largely an arm of the ELT, and he was starting to bring the ELT and CPB together with combined meetings.	
12.3	The Board noted the report.	
13	Report from the Remuneration & HR Committee 02 May 2023, including the Committee's annual report to the Board and updated Terms of Reference	
13.1	The Chair of the Remuneration & HR Committee presented her report of the Committee's meeting on 02 May 2023 and highlighted the Committee's	

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	recommendations. She highlighted that the Committee would receive an update on objective setting under the performance management process at its meeting in July.	
13.2	The Board approved: <ul style="list-style-type: none"> • a review of the People and Organisation Development strategy to align it to the five-year strategy, update its priorities, remove duplication and incorporate the Wellbeing Strategy; and • the relaunch in the Smarter Working Policy, with updated supporting materials, and a full review of the Policy in 2025. 	
13.3	The Board noted the other matters outlined in the report.	
13.4	The Chair of the Remuneration & HR Committee presented the Committee's: <ul style="list-style-type: none"> • annual report to the Board for 2022-23 incorporating its self-assessment; and • revised terms of reference, which incorporated minor practical changes. 	
13.5	The Chair of the Remuneration & HR Committee drew the Board's attention to the updates on the recommendations in the Committee's annual report for 2022–23 and explained the recommendations for the forthcoming year.	
13.6	The Board approved the Committee's annual report and its revised terms of reference.	
14.	Biodiversity Plan	
14.1	The EDCC presented the Biodiversity Plan that had been developed to meet the joint duties of the WAO and AGW and explained the principles underpinning the plan and the process for its development.	
14.2	The Board briefly discussed the language of the report and whether reference to the Auditor General's programme of work at objective 2 could be expanded, noting that this would be for the Auditor General to determine.	
14.3	Subject to the matters discussed, the Board confirmed that it was content with the principles of the Biodiversity Plan and for management to finalise the plan.	
15	Board effectiveness: process and timetable for self-assessment 2023-24	
15.1	The Board Secretary presented a paper outlining the proposed format and timing for the Board self-assessment of its effectiveness in 2022-23, and proposing that an independent evaluation be commissioned for 2024-25.	
15.2	The Board briefly discussed the funding that would be needed for the external evaluation and agreed that it would defer a decision on the timing and budget pending a discussion with the Finance Committee.	EDCS

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15.3	The Board approved the proposal to proceed with an internal effectiveness evaluation in 2023, the self-assessment questionnaire and the timescales for completion of the assessment.	
16	Any other business	
16.1	There was no other business.	
16.2	For future meetings, the Board Chair asked that, where possible, she be notified of any matters to be raised as AOB two days ahead of the meeting.	
17	Review of the forward work programme	
17.1	The Board discussed its forward work programme which the Board Secretary would update. The Board Secretary would also circulate an updated schedule of meetings for 2023-24.	BS
18	Review of the meeting	
18.1	<p>The Board welcomed feedback from members of staff observing the meeting, which recognised:</p> <ul style="list-style-type: none"> • the high volume of generally clear papers; • good discussions and challenge; and • recognition by the Board of the importance of staff wellbeing. <p>The Board noted a comment regarding the potential value of incorporating staff feedback or stories to triangulate how staff are feeling with workforce information on resourcing pressures.</p>	
19	Date of next meeting	
19.1	Board meeting with Trades Unions - 18 July 2023 Board meeting – 18 and 19 July 2023	