

**Wales Audit Office Board**  
**Minutes of the meeting on Thursday 05 February 2026**

**Members:**

Ian Rees	Chair and non-executive member
Adrian Crompton	Chief Executive and Auditor General for Wales
Anne Beegan	Elected employee member
Bethan Jones	Non-executive member
Chris Bolton	Elected employee member
David Francis	Non-executive member, Senior Independent Director and Chair of the Audit & Risk Assurance Committee
Michael Norman	Non-executive member
Richard Thurston	Non-executive member

**Apologies:**

Darren Griffiths	Appointed employee member
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**In attendance:**

Ann-Marie Harkin	Executive Director of Audit Delivery (EDAD)
Derwyn Owen	Executive Director of Audit Modernisation & Impact (EDAM&I)
Kevin Thomas	Executive Director of Corporate Services (EDCS)
Katherine Drysdale	Board Secretary (minutes)
Matthew Hockridge	Head of Planning & Reporting (items 5 to 8, 13 and 14) (Teams)
Shelley Evans	Head of Finance Lead (items 6 and 15) (Teams)
Matthew Edwards	Audit Director (item 14)
Mike Whitley	Audit Manager (item 14)
Carwyn Rees	Audit Manager (item 14)
Nicola Thompson	Planning & Reporting Data Officer (item 14) (Teams)

**Observers:**

Sara Utlely	Audit Lead (items 1 to 12 and 14)
Mirain Roberts	Senior Auditor (Performance) (items 1 to 12)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	Arrangements for the Election of an Employee Board Member
4	Chair's Report, including Development Day Outputs
5	Report of the Chief Executive and Auditor General
6	Integrated Performance Report: Q3
7	Report from the Chair of the Audit and Risk Assurance Committee (December meeting)
8	Strategic Equality Plan
9	Review of meeting minutes: 13 November 2025
10	Review of the action tracker
11	Review of the forward work programme
12	Any other business

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Item	Agenda
13	Annual Plan 2026-27
14	Dealing with local correspondence
15	Medium Term Financial Planning
16	Review of the meeting
17	Date of next meeting

Item	Minutes	Action
<b>Standing Items</b>		
<b>1</b>	<b>Chair's welcome and apologies for absence</b>	
1.1	The Chair welcomed members and those in attendance. He noted an apology from Darren Griffiths who was attending mandatory training.	
<b>2</b>	<b>Declarations of interest</b>	
2.1	There were no declarations of interest.	
<b>3</b>	<b>Arrangements for the Election of an Employee Board Member</b>	
3.1	<p>The Board Secretary presented a paper outlining the proposed arrangements and timetable for the election of an employee member to the Board upon the end of Anne Beegan's second term in June 2026. She explained that:</p> <ul style="list-style-type: none"> <li>• she had consulted Law &amp; Ethics, PAWB and the trade unions on the draft arrangements and positive feedback had been provided;</li> <li>• the timetable had been developed to allow sufficient time for each stage;</li> <li>• the terms and conditions for the employee member were unchanged and continued to reflect the period of appointment and time commitment of non-executive members with a responsibility allowance paid for the role (if on grade 7 or below); and</li> <li>• she was seeking approval to appoint an external firm to operate the ballots in both the 2026 and 2027 elections.</li> </ul>	
3.2	<p>In response to questions the Board Secretary explained:</p> <ul style="list-style-type: none"> <li>• that the employee member would be subject to vetting processes which were also appropriate for their Board membership;</li> <li>• that measures of success for the process would include a strong level of interest and engagement from staff, adherence to the timetable and a lack of formal complaints or challenge; and</li> <li>• that a communications plan was being developed and she would take account of the Board's suggestion that a lunch and learn event with existing employee members might be valuable.</li> </ul>	
3.3	<p>The Board approved:</p> <ul style="list-style-type: none"> <li>• the electoral rules for an employee Board member election;</li> <li>• the timetable;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• the terms and conditions of appointment; and</li> <li>• procurement of the services of an external supplier to conduct the ballots for elections to be conducted in 2026 and 2027.</li> </ul>	
<b>4</b>	<b>Chair's Report, including Development Day Outputs</b>	
4.1	<p>The Chair updated the Board on his activity since the last meeting. He highlighted:</p> <ul style="list-style-type: none"> <li>• his involvement in the AGW recruitment process which was now in its final stages; and</li> <li>• that introductions had been made for the Chairs of the Remuneration and HR Committees at the UK public audit bodies to meet to share good practice.</li> </ul>	
4.2	<p>The Chair presented the draft Board priorities for 2026-27 which had been developed following discussion at the December Board ELT development session. Members made suggestions for consistency of wording, a more assertive tone and including reference to focussing on efficiency and effectiveness in future digital future solutions. Subject to those comments being considered in the development of the final version, the Board confirmed that it was content with its priorities for 2026-27.</p>	Chair / BS
4.3	<p>The Board noted that the EDAM&amp;I had circulated an addendum clarifying the process, controls and expenditure limits for additional expenditure with Accenture in the event of a major cyber incident which the Board had approved virtually. In accordance with the Board's Terms of Reference the Board ratified its approval for the Executive Leadership Team (ELT) to increase expenditure as required up to £300,000 over the lifetime of the current Accenture contract in the event of a major cyber incident.</p>	
<b>5</b>	<b>Report of the Chief Executive and Auditor General</b>	
5.1	<p>The Chief Executive and Auditor General presented an update on his activity since the previous meeting. He confirmed that he and the Chair had responded to the recommendations made by the Finance Committee following its Annual Scrutiny of the Wales Audit Office and a copy of the letter would be added to the Board reference library. He explained that the letter covered response in respect of KPIs which would be relevant to the Board's consideration of the draft Annual Plan.</p>	
5.2	<p>The Chief Executive explained that the Welsh Language Commissioner had upheld a complaint against Audit Wales for a failure to correspond with a Community Council clerk in their language of choice. He outlined the steps that were being taken to ensure that the root causes were not cultural and to remind all staff of their responsibilities under the Welsh Language Act.</p>	
5.3	<p>The Board sought assurance that suitable systems were in place to ensure that client language preferences were met, noting that staff were relied upon to check records and staff training played a part in ensuring this was done. The EDAD explained that a full review of compliance with language</p>	

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	<p>preference had been undertaken and the results would be fed back to line managers who would be expected to take action to avoid recurrence. The Board noted that the decision notice would be published and suggested that the Communications Team were briefed so they could deal with any interest arising. The Board also noted that while mainstream audits followed quality processes and were subject to QAD reviews, this was not applicable to all work and suggested considering an audit of compliance. The Chief Executive confirmed that the ELT would consider the outcomes of the review and whether further action was needed.</p>	
5.4	<p>The Board otherwise noted the update.</p>	
<b>6</b>	<b>Integrated Performance Report: Q3</b>	
6.1	<p>The EDAM&amp;I presented a paper, supported by the Management Information Dashboard, which provided the quarter three integrated performance report. He highlighted:</p> <ul style="list-style-type: none"> <li>• the positive outcomes from the staff survey which, with an establishment close to target and low turnover, placed Audit Wales on a strong footing to deliver its annual plan priorities;</li> <li>• that the delivery of Local Government accounts on time for audit remained an area of concern;</li> <li>• that the timetable for delivery of the NHS performance work had been affected by staff absence but progress was now being made to clear backlogs and planning of the 2026 work programme was underway; and the ELT's areas of focus, which included development of the Medium Term Financial Plan.</li> </ul>	
6.2	<p>The EDCS summarised the financial position and that a year-end surplus in excess of target parameters was currently projected. He outlined the key drivers for the surplus, which included vacancy savings, underspend against budgets and a reduction in abatements and write offs. The EDCS explained that while additional spending was expected this was not expected to reduce the scale of the surplus significantly and he had alerted the Finance Committee clerks to the position.</p>	
6.3	<p>The Board considered the financial position and projected surplus and:</p> <ul style="list-style-type: none"> <li>• suggested that budget setting and management would benefit from review, noting that an Internal Audit review was planned and members would have an opportunity to input to its detailed scope;</li> <li>• discussed whether a newly constituted Finance Committee would challenge future requests for additional funding in light of the level of the surplus and failure to optimise use of it in-year, noting that an explanation would be provided;</li> <li>• considered income delivery, noting that a challenging target had been set and suggesting that income delivery be maintained and not delayed notwithstanding the projected surplus so as to fully inform medium term financial planning;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• expressed its concern regarding forecasting and budgeting which needed to improve; and</li> <li>• asked that a supplementary report be provided to support the review of the Annual Report and Accounts, as in 2025.</li> </ul>	
6.4	<p>The Board also discussed:</p> <ul style="list-style-type: none"> <li>• staffing levels, the impact of vacancies and whether additional resource could be used to take forward more ambitious approaches;</li> <li>• the carbon emissions KPI, noting that potential changes would be fully explored in considering the Annual Plan but the main drivers for emissions were buildings and travel where there was limited scope for further reduction;</li> <li>• whether the local NHS performance work outstanding since 2024 was still relevant, noting that this had been reviewed, remained relevant and would be completed by end of March 2026;</li> <li>• the implications of local governments bodies failing to deliver their accounts to enable timely delivery of audit and whether anything further could be done to ensure or support this. The Board noted that it was the responsibility of local government bodies to deliver the accounts on time, and that the AGW would be writing to all bodies with a view to agreeing delivery plans at the highest level of the organisations concerned. The EDAD explained that the audits could be done based on data available and a disclaimer made, but this would not provide a long term solution.</li> </ul>	
6.5	The Board otherwise noted the report.	
<b>7</b>	<b>Audit and Risk Assurance Committee: Report from Chair</b>	
7.1	<p>The Chair of the A&amp;RAC presented his report of the Committee's meeting on 10 December 2025, and outlined:</p> <ul style="list-style-type: none"> <li>• the positive outcomes from the post project learning exercise on the Annual Report and Accounts;</li> <li>• the Internal Audit reports received by the Committee;</li> <li>• the Committee's expectations for the on-time tracking and delivery of actions in response to Internal Audit recommendations;</li> <li>• the proposed risk appetite statement; and</li> <li>• that the planned deep dive review had been deferred and would be considered in June.</li> </ul>	
7.2	<p>The Board:</p> <ul style="list-style-type: none"> <li>• confirmed that it was content with the Committee's programme of deep dive reviews;</li> <li>• approved the revised risk appetite statement; and</li> <li>• otherwise noted the report.</li> </ul>	
<b>8</b>	<b>Strategic Equality Plan: Consultation responses</b>	
8.1	The Head of Planning and Reporting presented a paper summarising the responses to the consultation on the draft Strategic Equality Plan. He outlined the feedback, including input from the EHRC in respect of framing	

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	clear objectives, and confirmed that he would take account of the feedback in finalising the Strategic Equality Plan for Board approval.	
8.2	The Board confirmed that it supported the planned approach and noted the update.	
<b>9</b>	<b>Review of meeting minutes: 13 November 2025</b>	
9.1	The Board approved the minutes of its meeting on 13 November 2025 as an accurate record.	
<b>10</b>	<b>Review of action tracker</b>	
10.1	The Board received updates against actions which the Board Secretary would reflect on the tracker.	
<b>11</b>	<b>Review of the forward work programme</b>	
11.1	The Board discussed the forward work programme which the Board Secretary would update.	
<b>12</b>	<b>Any other business</b>	
12.1	The Board noted that Clare Fellows, the AGW and Board Executive Assistant, would be retiring at the end of February and extended its thanks for her hard work and support.	
12.2	The observers provided their feedback on the meeting which they had found interesting and valuable.	
<b>13</b>	<b>Annual Plan 2026-27</b>	
13.1	The EDAM&I introduced the updated draft Annual Plan for 2026-27 and outlined the approach taken by the ELT to develop the priorities for the year ahead. He provided an overview of, and the rationale for, each priority and explained that detailed business plans would be developed to support delivery of the priorities. He explained that, while the Finance Committee was keen for changes to the KPIs to be minimised to maintain year on year comparability, the ELT had reviewed the KPIs and proposed changes to ensure they were comprehensive, clear and reflected organisational priorities.	
13.2	<p>The Board discussed proposed updates to KPIs, including:</p> <p><u>Website and social media visits</u></p> <p>The Board noted the increased targets and that social media targets related to platforms other than X, where Audit Wales maintained a presence for monitoring purposes only.</p> <p><u>Staff turnover</u></p> <p>The Board noted that voluntary turnover was low with Audit Wales recognised as a great place to work and factors such as a weaker audit recruitment market and partial or delayed retirements also impacting retention. The Board briefly discussed the graduate scheme, noting that limited roles were available for trainees wishing to stay with the organisation but pausing the scheme to retain more qualified trainees</p>	

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	<p>would see them continuing to undertake trainee-level work which would not support their development. The Board suggested that maintaining a range for this KPI could recognise the potential impact of prolonged low turnover, such as in inhibiting progression and recruitment. The Board asked that the R&amp;HRC review this KPI further.</p> <p><u>Stakeholder related KPIs</u></p> <p>The Board noted that performance was below target, which was understood to be due to the mechanism used for the previous stakeholder survey. A revised survey was being launched in February 2026 with action to be planned based on the results of that.</p> <p><u>Greenhouse gas emissions</u></p> <p>The Board considered the greenhouse gas emissions KPI, noting the progress achieved to date and the limited remaining scope for further reductions, particularly in buildings and travel. It recognised that business travel remained necessary for audit quality and effective team-working, with steps being taken to minimise the impact of travel associated with the Anguilla audit. The Board discussed the merits and drawbacks of reducing the target for the carbon emission KPI, considering whether the current target should be maintained as a matter of principle (albeit it was unlikely to be achievable) or reduce the target to a more attainable level which might then promote behavioural change. The Board did not reach a consensus on an approach and asked the ELT to reconsider the KPI target. The Board also discussed the value of external standards, such as Green Dragon.</p>	R&HRC Chair
13.3	<p>The Board also:</p> <ul style="list-style-type: none"> <li>• noted that the Auditor General’s work programme would be included in the final Annual Plan presented for approval in March and he was consciously leaving a degree of flexibility for the new Auditor General to shape;</li> <li>• sought clarification on whether the technical support provided to overseas territories extended to the Anguilla audit, noting that the provision of technical support was a separate matter; the EDAD would check whether this included Anguilla;</li> <li>• considered whether an additional column in the KPI table with a projection for performance would be helpful, noting that due to timing of data availability this would be incomplete; and</li> <li>• encouraged management to consider the language of the Annual Plan to have a more confident and precise tone and to clearly articulate achievements.</li> </ul>	EDAD
13.4	<p>The Board noted that the final draft Annual Plan would be presented for approval in March 2026.</p>	
<b>14</b>	<b>Dealing with local correspondence</b>	

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14.1	<p>The Audit Director presented an update of the experience of the North Wales cluster in managing increasing correspondence, including the opportunities and challenges of undertaking unplanned work. He outlined:</p> <ul style="list-style-type: none"> <li>• the distinction between correspondence and whistleblowing, and how these could inform audit work if within the Auditor General's remit;</li> <li>• the upward trend in volumes of correspondence year on year;</li> <li>• the impact and outcomes of two case studies;</li> <li>• the use of wider intelligence and insight provided by correspondence to inform audit planning;</li> <li>• the collaborative approach of Financial Audit, Performance Audit and Corporate functions in managing correspondence;</li> <li>• the value and professional challenge involved in handling often complex and time consuming correspondence work;</li> <li>• the unpredictable nature of correspondence and the impact on workload and resources in already busy teams; and</li> <li>• the challenges of managing correspondents' expectations.</li> </ul>	
14.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the workload pressures created by correspondence, the capacity in teams to handle this work and whether resourcing this should be considered as part of the development of the medium term financial plan;</li> <li>• the value and importance of intelligence provided by correspondence, noting that at least two public interest reports had their roots in correspondence;</li> <li>• the increase in correspondence and the likelihood of further growth as a result of eroded trust in public bodies and services;</li> <li>• the process for handling and deadlines for responding to correspondence; and</li> <li>• the rights of the public to raise questions on an audit and the responsibility of public sector auditors to consider the matters raised, notwithstanding the possibility that some correspondents could be politically motivated or vexatious.</li> </ul>	
14.3	<p>The Board thanked the Audit Director and colleagues supporting the item for an informative and valuable insight into the impact of the increase in correspondence that the Auditor General had highlighted as part of his regular updates to the Board.</p>	
<b>15</b>	<b>Medium Term Financial Plan (MTFP)</b>	
15.1	<p>The EDCS presented a paper supported by a presentation outlining the process and timetable for the development of the MTFP and the Estimate. He reminded the Board that while Audit Wales had a MTFP it was omitted from the Estimate for 2025-26 as it was not sufficiently specific, and a commitment made to the Finance Committee to include a MTFP in the Estimate for 2026-27 to reflect the anticipated scope of Audit Wales work, quality and the impact of technology. He explained that modelling was</p>	

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	being developed and separate sessions to demonstrate that could be arranged if requested by Board.	EDCS / HoF
15.2	The EDCS drew the Board's attention to the environmental analysis, cost of audit data and trends in staff numbers. He explained that a range of questions had emerged from the environmental analysis and some would be dealt with separately, such as matters falling within the AGW's remit and matters tabled as specific items for the Board, such as digital developments and pay parameters. The ELT was therefore seeking to focus the discussion with the Board around the challenging outlook for public finances.	
15.3	<p>The Board discussed factors influencing development of the MTFP including;</p> <ul style="list-style-type: none"> <li>• whether any activities could be stopped or reduced, noting that core statutory audit work was unlikely to change significantly, but costs had been managed through use of different skills mixes and it was expected that implementation of technological developments could bring further efficiencies;</li> <li>• opportunities for further cost reductions, reflecting that while significant recurrent savings had been realised it would be appropriate to continue reviewing structures and processes to ensure they remained effective;</li> <li>• the balance between fee-earning and WCF funded activity, emphasising that any request for increased funding from the WCF should be evidence-based, such as additional resource to manage increasing correspondence or investment in technology to provide longer term efficiencies;</li> <li>• managing fee increases, and potential mechanisms to maintain below inflationary levels while maintaining quality such as exploring opportunities to increase income through more commissioned work in Wales or improving chargeability; and</li> <li>• the interplay with the workforce strategy, noting the impact of low staff turnover and suggesting benchmarking terms and conditions against public sector comparators for insight.</li> </ul>	
15.4	The Board acknowledged the limitations of Audit Wales annual funding model and low risk appetite for operating with a marginal surplus or deficit. The Board also suggested that a matrix tool could be valuable in assessing and prioritising proposals according to risk and resource.	
15.5	The EDCS thanked the Board for its input and steer which he would use to develop the MTFP for further consideration and input by the Board.	
<b>16</b>	<b>Review of the meeting</b>	
16.1	The Chair indicated that he would invite members to provide feedback to him on the meeting at their post meeting catch ups.	

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16.2	He noted that this was Anne Beegan's final in person Board meeting as employee member and thanked Anne for her valuable insight and contribution.	
<b>17</b>	<b>Date of next meeting:</b>	
17.1	Wednesday 18 March 2026, by Teams	