Wales Audit Office Board
Minutes of the meeting on Thursday 18 March 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
Darren Griffiths	Appointed 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 and Chair of the Remuneration & HR Committee

Apologies:

In attendance:

Ann-Marie Harkin	Executive Director Audit Delivery (EDAD)
Derwyn Owen	Executive Director Audit Modernisation & Impact (EDAM&I)
Kevin Thomas	Executive Director Corporate Services (EDCS)
Katherine Drysdale	Board Secretary (minutes)
Matthew Hockridge	Head of Planning & Reporting (items 4 and 5)
Kathleen Job	Data Protection Officer (item 9)
Terry Jones	AD&G Audit Manager Quality and Strategic Audit Delivery (item 14)
Laurie Davies	Head of Business Services (item 15)

Observing:

Luke James	Graduate Trainee (items 1 to 13, except item 6, part b)
Nicola Thompson	Planning & Reporting Data Officer (items 1 to 13, except item 6, part b)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	Report of the Chief Executive and Auditor General
4	Annual Plan 2026-27
5	Strategic Equality Plan 2026-2030
6	Remuneration and HR Committee: Report from meeting of 12 February 2026
7	Audit and Risk Assurance Committee: Report from meeting of 26 February 2026
8	Chair’s Report
9	Data Protection Officer Annual Report
10	Review of meeting minutes: 05 February 2025
11	Review of action tracker
12	Review of the forward work programme
13	Any other business
14	Audit Transitions

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Item	Agenda
15	Business Continuity / Crisis Management
16	Review of the meeting
17	Date of next meeting: Board Meeting, 24 and 25 June 2026, Swansea

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	The Chair noted that this was the final meeting for Anne Beegan who had served as elected employee Board member for eight years. The Board thanked Anne for her positive and valuable contributions.	
2	**Declarations of interest**	
2.1	Employee members and other staff present declared an interest in item 6 (Remuneration and HR Committee: Report from Chair Part 2) which related to pay. The Chair noted that employee members and observers would leave for this item. The Executive Directors would remain to take questions and then leave for the Board discussion and decision. The Board Secretary would remain to maintain the record of the meeting.	
3	**Report of the Chief Executive and Auditor General**	
3.1	The Auditor General and Chief Executive presented his update and highlighted that: • the stakeholder survey was underway and, to date, the response rate was more positive than in previous years; and • following the Senedd approval of the nomination of the incoming Auditor General work was underway to identify professional and ethical ramifications and develop appropriate safeguards, both for the delivery of current audit work at Bannau Brycheiniog National Park and to protect the incoming Auditor General's independence upon her appointment.	
3.2	The Board discussed: • the delivery of accounts from Local Government bodies, noting that formal responses were not expected to the Auditor General's letters regarding delivery plans, but the bodies' Audit Committees had a role in ensuring adherence and holding officers to account and might provide feedback. The Board suggested that a record of any responses be maintained to inform responses to scrutiny from Senedd Committees. • whether any learning could be taken from the Wales Governance Centre lecture on the implications of the election for development of a gender sensitive Senedd, noting that the focus was on Senedd procedures; and	

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	• the feedback to the Auditor General's legacy letter, noting that the messages had been well received and while there had been no response to date from the Welsh Government this was likely to be due to the timing and could be followed up post-election.	
3.3	The Board noted the update.	
4	**Annual Plan 2026-27**	
4.1	The EDAM&I presented the near final draft Annual Plan for 2026-27 and outlined the changes made following input from the Board in February. He explained the rationale for proposed changes to the KPIs and that the Plan would be laid and published at the end of March.	
4.2	The Board briefly discussed proposed revisions to: • KPI 13 (staff turnover) to remove the target lower threshold, seeking assurance that removing the lower threshold of 5% would not negatively impact workforce planning and challenging the rationale for the change. The EDCS explained that management recognised the value of a healthy level of turnover to refresh the organisation and support staff progression. However, in the absence of natural turnover, there were limited options for management to increase turnover without triggering processes such as redundancies, which would mean a significant shift in ethos. Conversely, if turnover exceeded an upper threshold there were more legitimate opportunities for management to actively seek a reduction. The Board noted that other public audit bodies had similar levels of turnover, Audit Wales was operating well and management would monitor turnover closely and carefully consider how to maintain opportunities for progression. • KPI 17 (greenhouse gas emissions) to redefine the target using 2025-26 figures as a new baseline following the introduction of revised Welsh Government reporting methodologies and to reflect a steadier post-pandemic hybrid working model. Management assured the Board that the revised target was challenging, but a more realistic target was more likely to help drive the organisational change needed. The Board also noted that amending the target was not expected to negatively impact audited bodies. While some reservations were expressed about amending the KPIs, the Board agreed to support the changes. The Board suggested that a more collaborative approach be taken to reviewing the KPIs in the future, perhaps as a joint Board ELT workshop.	
4.3	The Board also considered: • the annual plan priorities and noted that, with the exception of increasing digitalisation, they largely continued from the previous plan and reflected the considerable progress in delivering the five-year strategy; and • the risks around the delivery of local government accounts, noting that these were recognised in the plan, with an additional measure of	

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	success added to the audit delivery priority, and that the Auditor General was satisfied that a separate priority was not necessary. The Chair indicated that the points raised could also be covered in the respective forewords to the Plan.	
4.4	The Board approved the near final draft annual plan, and authorised the Chair and Auditor General to approve the final version for laying.	
5	**Strategic Equality Plan**	
5.1	The Head of Planning & Reporting presented the final version of the Strategic Equality Plan (SEP) which took account of members' feedback and the consultation responses. He outlined the format of the plan, confirmed that an impact assessment had been carried out and that PAWB (Audit Wales Equality Interest Group) had been consulted.	
5.2	Darren Griffiths, as Chair of PAWB, confirmed that engagement with PAWB had been positive and the group had been able to meaningfully inform the development of the SEP.	
5.3	The Board thanked the Head of Planning & Reporting and his team for their work, approved the Strategic Equality Plan for 2026 to 2030 and authorised the Chair and AGW to approve the final design version.	
6	**Remuneration and HR Committee (R&HRC): Report from meeting of 12 February 2026**	
(a) non pay matters		

6.1	The Chair of the R&HRC presented the report of the Remuneration and HR Committee meeting held on 12 February 2026 and highlighted:
	• the volume of work delivered by the HR team in the absence of a key member of staff;
	• the strong engagement of staff and line managers with the iTrent module for performance management 1-2-1 meetings, which would be more fully reviewed at the next meeting of the Committee;
	• that, subject to minor amendments to take account of the Committee's feedback, the Committee was content to recommend that the Board approve:
	    ○ the Organisation and Workforce Design Policy;
	    ○ the Smarter Working Policy; and
	    ○ the Sickness Absence Policy.	

6.2	The EDCS explained that following input from the Committee; • the provision in the Organisation and Workforce Design Policy for job matching on a restructure had been strengthened to require a significant degree of matching for assimilation. He assured the Board that while this allowed flexibility, he was satisfied that the involvement of the HR team would ensure consistent application of the provision; and	

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	• stronger wording around environmental responsibility had been incorporated in the Smarter Worling Policy, which had an emphasis on prioritising business need so as to ensure its provisions were not invoked to avoid appropriate travel.	
6.3	The Board approved: • the Organisation and Workforce Design Policy; • the Smarter Working Policy; and • the Sickness Absence Policy and otherwise noted the update.	
(b) pay strategy 2026-27		
6.4	The employee members and observers left the meeting.	
6.5	The Chair of the R&HRC outlined the proposed pay offer which was slightly in excess of the pay budget included in the Estimate. The EDCS explained that: • the proposed pay offer aligned with the rates proposed by other public audit bodies and took account of current rates of inflation; • the ELT had identified the savings it had committed to in the Estimate together with additional recurring savings which would fund the proposed increase; • the Financial Sustainability Group would continue its work to ensure effective and efficient use of funds; and • a draft of the pay offer letter to the trade unions had been provided for information.	
6.6	The Board sought clarification on the proposed percentage increase, including: • how it benchmarked against inflation, noting that there were various inflation metrics but the latest OBR was 3% and was expected to increase; • how it compared to increases expected from other public audit bodies, noting that it fell within the range anticipated; and • whether strategically it was appropriate to increase the pay budget beyond the amounts provided in the Estimate.	
6.7	The EDCS, EDAD and EDAM&I left the meeting.	
6.8	The Board recognised that both the process of including a specific budget in the Estimate and the subsequent implementation of settlements in excess of that could generate expectations and constrain consideration of the pay settlement. The Board suggested that management would take account of this in the development of both the Estimate and pay strategies for 2027-28.	ELT

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6.9	Following further consideration of the financial implications and benchmarking processes, the Board approved a pay offer as outlined in the Remuneration and HR Committee report.	
6.10	The employee members, observers and Executive Directors rejoined the meeting.	
7	**Report from the Chair of the Audit and Risk Assurance Committee**	
7.1	The Chair of the A&RAC presented his report of the Committee's meeting on 26 February 2026. He highlighted that the Committee had: • considered the reports of the final internal audit reviews conducted by TIAA, which concluded the delivery of the internal audit plan for 2025-26; • provided feedback on the draft internal audit plan developed by Validera, which would be reviewed ahead of re-presentation to the Committee in June; • conducted a deep dive review in respect of pre- and post-election risks relating to the impact of Audit Wales reports and relationships with the Senedd and Welsh Government, and was suitably assured by well-informed and positive mitigating activity; and • received an update on cyber security arrangements.	
7.2	The Chair of the A&RAC confirmed that the Committee: • intended to carry out a deep dive into budgeting and financial forecasting at its meeting in June; and • had considered and was content to recommend that the Board approve the extension of the external audit contract for one year from 02 November 2026.	
7.4	The Board approved the extension of the external audit contract for one year from 02 November 2026 and otherwise noted the paper.	
8	**Chair's Report**	
8.1	The Chair presented his written report which outlined his activity since the last meeting.	
8.2	The Board noted the update.	
9	**Data Protection Officer: Annual Report**	
9.1	The DPO presented her annual report for 2025-26 outlining key activities undertaken and providing an update on developments and risks with personal data processing. She explained that due to resourcing constraints her role had been largely reactive, but recruitment to the Law & Ethics team would allow her to develop a more proactive approach in 2026-27.	
9.2	The Board discussed: • the volume of work and resource required to develop data mapping and records of processing activities, noting that overall compliance was strong but more robust records were needed to reflect ICO guidance,	

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	and the additional resource in the Law & Ethics team would enable the DPO to conduct this work; • the link between managing personal data flows and cyber risk, noting that the IT team managed cyber risks but there were practical and policy linkages and in mapping personal data flows the DPO would take account of the cyber arrangements in place to protect that data; and • the networking activity undertaken by the DPO, suggesting that contact with her counterparts at the other public audit bodies might also be valuable.	DPO
9.3	The Chair invited feedback from the ELT who had considered the report at its recent meeting, noting that the ELT: • recognised the work of the DPO in seeking to ensure compliance and that, as with cyber security, this was ongoing and required consistent attention and monitoring; and • was disappointed with the lack of engagement with DPO training sessions and would be giving attention to overall engagement with training in the coming year.	
9.4	The Board thanked the DPO for her report which it noted.	
10	**Review of meeting minutes: 05 February 2025**	
10.1	The Board approved the minutes of its meeting on 05 February 2026 as an accurate record.	
11	**Review of action tracker**	
11.1	The Board noted the updates against actions on the tracker.	
12	**Review of the forward work programme**	
12.1	The Board discussed the forward work programme which the Board Secretary would update.	
13	**Any other business**	
13.1	The observers provided their feedback on the meeting, including the positive interactions and strong challenge and scrutiny. The observers left the meeting.	
13.2	The EDCS provided a brief update on the year end finances as set out in his supplementary paper. He outlined: • the changes in the projected position since the last report to Board, explaining that some provisions would not be finalised until year end; • the steps taken by management to reduce the surplus through careful additional expenditure and control of income delivery; • that he had updated the Finance Committee clerks of the forecast year-end position; and	

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	• the measures in place to improve budget setting, including an internal audit review of the process.	
13.3	The Board expressed concern that forecasting processes were such that some variables were still unknown at a point very close to year end, though noting that reasonable estimates were available. The Board reiterated its concern that returning a significant surplus could prejudice future requests for funding and could lead to challenging questions from audited bodies in light of potential fee rate increases. The Board also suggested that a post project exercise on the factors leading to the overall surplus and the steps taken to manage it could be beneficial both practically and in providing assurance to the Board on the learning from the situation.	ELT
13.4	The Board noted the update.	
13.5	The Board Chair noted the forthcoming retirement of Dave Thomas, Audit Director, after over 30 years' service in public audit, including Audit Wales and its predecessor organisations. He extended the Board's thanks to Dave for his invaluable contribution, recognising his professionalism and extensive knowledge of the public health sector. The Board Chair would write to Dave to convey this message formally.	Chair
14	**Audit Transitions**	

14.1	The EDAD presented a paper outlining the development of a risk that the organisation might not be able to balance audit staffing supply and demand following delivery of the backlog and the mitigating action taken to bring the organisation to a position where it was suitably resourced to deliver a normal audit programme. She explained:
	• the development of audit backlogs due to the impact of the COVID pandemic, changes to auditing standards (including ISA 315), more complex accounting requirements and recruitment/retention challenges;
	• the action taken to clear the backlog by increasing capacity through recruitment, use of staff released upon completion of Agricultural Funds work and use of contractors;
	• the impact of mitigating actions developed by a cross functional working group for workforce planning activity to support capacity tapering naturally, such as:
	    ○ holding some vacancies open;
	    ○ filling some vacancies with fixed-term appointments;
	    ○ adjusting trainee and apprentice intakes;
	    ○ using the contractor budget; and
	    ○ exploring secondments;
	• current risks, including:	

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	○ the uncertain timing for delivery of the audits of Local Government body accounts; ○ the impact of the Capita pension administration transfer in potentially delaying staff decisions to retire; and ○ staff on fixed term contracts leaving before their expiration to pursue other opportunities due to uncertainty around future employment; • the ongoing monitoring undertaken with regular reports made to the ELT; and • the de-escalation of the risk from strategic to operational.	
14.2	The Board discussed: • whether there were disadvantages for staff arising from the approach taken to workforce planning, noting that using temporary posts could cause uncertainty and disappointment but the reasons for such decisions were communicated openly and transparently which staff appreciated; • the implications of a reduction in audit staff on overheads in the context of the medium term financial plan and strategic financial planning, noting that while non fee generating staff numbers were static these costs would in future be borne by a lower number of fee generating staff which could have implications for fee rates so the EDAD was monitoring the position closely; and • the impact of reduced opportunities for ongoing employment for final year trainees, noting that while the organisation was keen to retain the staff it trained the opportunities to do so fluctuated and it was not always possible.	
14.3	The Board acknowledged the proactive and considered approach taken to manage this risk and to reach the levels of resource needed to deliver the Auditor General's functions, recognising that difficult decisions had been made but these had avoided the potential need for more drastic measures.	
15	**Business Continuity / Crisis Management**	
15.1	The Head of Business Services reminded the Board of Audit Wales business continuity arrangements and facilitated a simulated scenario exercise intended to develop the Board's understanding of its role in crisis management.	
15.2	In two groups the Board considered the practical crisis management steps required, the impact on business continuity and stakeholder confidence and the Board's role in providing governance, leadership and oversight.	
15.3	Following the exercise the Board briefly discussed: • the value of the exercise in providing assurance and reminders of both the crisis management process and the Board's role;	

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	• the importance of clear two way communications processes to ensure the Board was informed and involved appropriately; • the need to ensure appropriate knowledge of and/or advice on decision making processes and parameters, for example, under the Scheme of Delegations; and • managing the impact of a crisis situation to avoid amplifying the message, including its politicalisation, noting that the Head of Business Services intended to review the parameters in the Crisis Management Plan and develop additional templates.	
15.4	The Board thanked the Head of Business Services for a valuable and thought provoking session.	
16	**Review of the meeting**	
16.1	The Chair invited feedback on the meeting, and members indicated that they had found the business continuity exercise particularly beneficial and would appreciate feedback from the Head of Business Service on the outcomes of the session from her perspective.	HoBS
17	**Date of next meeting**	
17.1	24 and 25 June 2026, Swansea	