

Wales Audit Office Board
Minutes of the meeting on Wednesday 20 and Thursday 21 March 2024
Held in the WAO Cardiff office and by Teams

Members:

Kathryn Chamberlain	Chair and non-executive member
Adrian Crompton	Chief Executive and Auditor General for Wales (by Teams)
Alison Gerrard	Non-executive member and Chair of the Remuneration & HR Committee (R&HRC)
Anne Beegan	Elected employee member
Chris Bolton	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 (A&RAC)

Apologies: Ann-Marie Harkin, Executive Director of Audit Services (items 1 to 5)

In attendance:

Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS) (items 6 to 23)
Kevin Thomas	Executive Director of Corporate Services (EDCS)
Katherine Drysdale	Board Secretary (minutes)
Yazmin Steelandt-Humphries	Data Protection Officer (DPO) (items 3, 4 and 5)
Terry Jones	AD&G Manager Audit Quality & Policy (item 6)
Matthew Hockridge	Head of Planning & Reporting (items 11 and 12)
Nicola Evans	Head of Finance (item 11)
Dave Thomas	Audit Director (item 16)
Tom Haslam	AD&G Manager Performance Audit (item 6)

Observers:

Emma Gibson	Graduate Trainee (items 7 to 23)
Hannah Jones	Senior Auditor (Performance) (items 7 to 23)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	Information Asset Owner Update
4	Data Protection Refresher Training
5	Data Protection Officers Annual Report
6	Horizon scanning (audit environment)
7	Review of minutes: Board meeting 12 & 13 February 2024
8	Review of action tracker
9	Report of the Chief Executive and Auditor General
10	Chair's update
11	Integrated performance report
12	Annual Plan 2024-25
13	Report from the Chair of the R&HRC (February meeting)

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Item	Agenda
14	Report from the Chair of the A&RAC (February meeting)
15	A&RAC: Independent member recruitment
16	SMART project
17	Cloud Services Contract
18	Culture Amp: in year staff surveys
19	GPX: maximising the impact
20	Review of the forward work programme
21	Any other business
22	Review of the meeting
	Date of next meeting: 20 and 21 March 2024, Cardiff

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 an apology for absence from Ann-Marie Harkin for items 1 to 5.	
2	Declarations of interest	
2.1	Employee members, Executive Directors and staff present declared an interest in item 13 (Report from the Chair of the R&HRC (February meeting)) and the Board Chair declared a related interest in that item. Employee members, Executive Directors and observers would leave the meeting for the decisions relating to employment terms and conditions to be taken in private. The Board Secretary would remain to keep a record.	
3	Information Asset Owner Update	
3.1	The Board Secretary provided a short presentation reminding the Board of key information governance policies, roles and responsibilities and practical steps to ensure compliance.	
4	Data Protection Refresher Training	
4.1	The DPO provided a training session for the Board reminding them of the definitions and key requirements of data protection legislation, including the data protection principles and the overarching requirement for Audit Wales to demonstrate accountability. She explained the feedback from similar training sessions delivered to staff and facilitated a discussion of the role of the Board in supporting data protection compliance.	
4.2	The Board discussed: <ul style="list-style-type: none"> data protection risks, including data transfers, new technology and processes, shared use of external systems and human fallibility; how risks could be mitigated, eg, through data privacy impact assessments, DPO advice, clear guidance and ongoing training and awareness raising; 	

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	<ul style="list-style-type: none"> • data breaches and their management, reporting, recording and preparedness; and • how Board papers could address any personal data implications that the Board should be aware of (the Board Secretary would review and update the paper writing guidance). 	BS
5	Data Protection Officers Annual Report	
5.1	The DPO presented her annual report outlining the key findings and recommendations from her work and providing an update on developments and risks with personal data processing. She invited the Board's feedback on the format and content of her report so she could take account of that in developing future versions.	
5.2	The Board discussed personal data breaches which had increased, noting that refresher training had raised awareness levels, the breaches were largely self-reported and there had been no significant detrimental impact on individuals that required formal reporting to the Information Commissioner's Office. The DPO explained that she supported staff to identify and take appropriate steps to rectify such breaches and avoid their recurrence, and that it was positive that staff felt comfortable to self-report.	
5.3	The Board discussed the DPO's recommendations, recognising the potential benefits of additional resource in the Law & Ethics team which the ELT would keep under review. The Board otherwise noted that the recommendations related to work that was being progressed by the DPO, SIRO, IT and Law & Ethics teams, and that updates would be provided through relevant annual reports to the A&RAC and the Board.	
5.4	The Board noted the report.	
6	Horizon scanning (audit environment)	
6.1	The EDAS introduced an update on the audit operating environment, including developments in audit & public audit.	
6.2	<p>The AD&G Manager Audit Quality & Policy highlighted:</p> <ul style="list-style-type: none"> • matters impacting <u>the Audit Wales framework</u>, including the extension of duties to additional bodies now covered by the Wellbeing of Future Generations Act; • the <u>themes arising from recent work</u> highlighting governance failures in the Welsh public sector and the impact of delivering this work on resourcing; • current trends in <u>the general audit environment</u>, including fee increases, an increasingly complex regulatory landscape, increased risk aversion, talent and resource issues and concerns about profitability; and • considerations from the <u>wider public sector audit environment</u>, including: <ul style="list-style-type: none"> ○ local government audit in England, and the impact of an extended assurance period and audit disclaimers or qualifications; 	

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	<ul style="list-style-type: none"> ○ highlights from the English Public Accounts Committee inquiry; and ○ the themes of the Comptroller and Auditor General's annual speech to Parliament. 	
6.3	<p>The Board discussed:</p> <ul style="list-style-type: none"> ● public sector governance failures, including: <ul style="list-style-type: none"> ○ the functions of the Auditor General, noting that he did not have a specific governance remit but could report on governance failures relating to or emerging from his audits; ○ how lessons learned from high profile governance failures were shared to maximise the impact of such work; ○ the resources and skills needed to address such governance matters; ● audit fees, including the difference between the cost of private and public sector audits; ● the potential impact of more qualified audit opinions being issued in England, while trying to maintain and communicate an approach for delivering high quality public audit in Wales; and ● financial pressures on, and sustainability of, public sector bodies in Wales. 	
6.4	<p>The Board noted the update which would inform the wider environmental review and risk analysis planned to support the development of the Estimate and Annual Plan for 2025-26.</p>	
7	Review of minutes: Board meeting 12 & 13 February 2024	
7.1	<p>The Board approved the minutes of its meeting on 12 and 13 February 2024 as an accurate record.</p>	
8	Review of action tracker	
8.1	<p>The Board received an update on delivery against actions on the Board action tracker.</p>	
9	Report of the Chief Executive and Auditor General	
9.1	<p>The Auditor General and Chief Executive presented his update and highlighted:</p> <ul style="list-style-type: none"> ● publication of his 'From firefighting to future-proofing – the challenge for Welsh public services' commentary which identified themes emerging from the work of Audit Wales which could help public organisations achieve more value from the money they spend; ● that he had given evidence to the Senedd's Equality & Social Justice Committee as part of their inquiry into governance arrangements in the Fire & Rescue Services in the light of the failings identified by a workplace culture review in the South Wales Fire and Rescue Authority; and ● the planning that was underway for the Staff Conference. 	

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9.2	The Board briefly discussed the staff conference and asked that the Board Secretary liaise with members to arrange Board member coverage at all the workshop sessions as far as possible.	BS
9.3	The Board discussed the role of the Auditor General in identifying and reporting on governance failures, noting that these generally related to senior personnel or strategic issues arising from his work, and while he was a designated person for whistleblowing reporting, his audit functions did not extend to reviewing operational matters.	
9.4	The Board noted the update.	
10	Chair's Update	
10.1	The Chair updated the Committee on work carried out and planned, including the review of the Integrated Performance Report and her role in the recruitment of new non-executive members.	
10.2	The Board noted the update.	
11	Integrated Performance Report	
11.1	The EDCC presented the integrated performance report and outlined the work of the financial sustainability review to identify savings for 2023-24 and the 2024-25 financial year.	
11.2	The Board briefly discussed savings targets and the challenge of identifying further savings, noting that they would consider this in more detail in developing the draft Estimate for 2025-26.	
11.3	The EDCC explained that the KPI and risk reports were unchanged from the February update, and in response to feedback on the KPI dashboard indicated that she would review its operation. She also drew the Board's attention to the ELT's current priorities.	
11.4	The Head of Finance outlined the financial position at the end of February and the anticipated position at year end.	
11.5	The Board sought to better understand the financial update, including how the position had changed from the previous report, the ratings provided and risks to achieving an appropriate year end position. The Board briefly discussed: <ul style="list-style-type: none"> • the anticipated outturn for 2023-24, taking account of year end provisions for costs to complete, holiday pay and debtors; • processes for managing debtors and the resources required to pursue outstanding sums; and • the impact of improved reporting from the TRM system. 	
11.6	The Head of Planning and Reporting provided an update on the refresh of the Integrated Performance Report, explaining that his aim was to provide a clear management information dashboard which would inform the narrative of the report. The data would be drawn from a range of sources, and the report would be developed incrementally.	
11.7	The Board noted the report.	
12	Annual Plan 2024-25	

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12.1	The Head of Planning and Reporting presented the near final draft Annual Plan for 2024-25 which took account of the Board's input.	
12.2	The Board briefly discussed the narrative of the report and suggested minor amendments for clarification. The Auditor General explained that a significant amount of work had been done to refine the content and number of priorities and he was satisfied that the plan provided a clear and focussed approach for the forthcoming year.	
12.3	The Board: <ul style="list-style-type: none"> • approved the near final draft annual plan, noting that minor refinements would be made for clarification; and • authorised the Chair and Auditor General to approve and sign the final version for laying. 	Chair / AGW
13	Report from the Chair of the R&HRC	
13.1	The Chair reminded the meeting that employee members, Executive Directors and observers would leave the meeting for the decisions relating to employment terms and conditions to be taken in private. The Board Secretary would remain to maintain the record.	
13.2	The Committee Chair presented the report of the meeting of the Remuneration and HR Committee held on 26 February 2024. She highlighted the Committee's discussions on performance management and confirmed that the Committee would continue to monitor the process and its delivery.	
13.3	The Board: <ul style="list-style-type: none"> • noted the progress that had been made on the delivery of the People and Organisation Development and Well-Being Strategies, the development of a Talent Management Framework and the Workforce Plan; • approved the revised timescales for delivery of actions under the People and Organisation Development and Well-Being Strategies (paragraphs 5 and 9 of paper RHR(31)/23/004); and • approved the updated Travel and Subsistence Policy. 	
13.4	Anne Beegan, Chris Bolton, Darren Griffiths, Anne-Louise Clark, Ann-Marie Harkin, Kevin Thomas, Emma Gibson and Hannah Jones left the meeting.	
13.5	The Board approved: <ul style="list-style-type: none"> • a pilot of compressed hours working for an initial three-month period, which could be extended by the ELT for up to a year (provided the ELT was satisfied that the pilot was operating effectively, and risks were being managed appropriately); and • the updated Employee Handbook. 	
13.6	Anne Beegan, Chris Bolton, Darren Griffiths, Anne-Louise Clark, Ann-Marie Harkin, Kevin Thomas, Emma Gibson and Hannah Jones rejoined the meeting.	
14	Report from the Chair of the A&RAC (February meeting)	

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14.1	The Chair of the A&RAC presented his report of the Committee's meeting on 28 February 2024. He highlighted that the deep dive into the risks and opportunities of artificial intelligence had been valuable, and the Committee had been supportive of trialling AI for specific areas. The EDCS explained that following the meeting management had assessed CoPilot as low risk and intended to allow its use for specified purposes at Audit Wales, with roll out supported by communications from the ELT.	
14.2	The Board discussed the process for assessing Co Pilot and the factors which led to the low risk assessment. The Board noted feedback that the Gen AI Policy was considered onerous both by those proposing a use and those assessing a proposal, and it would be reviewed after a reasonable trial period.	
14.3	The Chair of the A&RAC sought input from the Board on topics for future deep dives, noting that the Committee was not constrained to looking at strategic risks. The Board Chair suggested that A&RAC could consider matters related to the financial priorities outlined in the Board business plan, and the R&HRC could consider matters related to the workforce plan. The Committee Chair invited members to provide any other suggestions outside the meeting so he could discuss potential deep dive topics with management.	
14.4	The Board noted the update.	
15	A&RAC: Independent member recruitment	
15.1	The Board Secretary explained that the terms of appointment of the current independent member of the A&RAC would shortly expire and sought Board approval for recruitment and appointment of a new independent Committee member.	
15.2	<p>The Board:</p> <ul style="list-style-type: none"> • approved the recruitment of a new independent member of the A&RAC on the terms and conditions outlined, with the timing of the recruitment exercise to take account of the current non-executive member recruitment process / outcomes, and • authorised the Board Secretary to liaise with HR to implement the recruitment process, subject to consultation with the Chairs of the Board and A&RAC on the detailed nature of the process. 	
16	SMART Project	
16.1	The Audit Director and AD&G Manager Performance Audit updated the Board on the SMART project, which was established to design, test and implement a new SharePoint Online platform for performance audit work. The project had been developed and delivered as a series of discrete phases, with each phase approved by the Change Programme Board (CPB). The Audit Director explained that it was possible (though not certain) that spend on the final phase, when added to expenditure to date, could result in total expenditure in excess of the CPB's delegated authority threshold, which would trigger the need for Board approval.	

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16.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the purpose of the system and the electronic workflow which constituted the final phase, noting that this was designed to enhance audit quality and was expected to provide data on audit delivery; • whether there had been overspend on earlier phases; • the impact of not completing the final phase; • the evolution of the project, the justification for its development in discrete phases and whether this should have been developed as a single project, noting that the project had been running for a number of years and during that time technology and processes had evolved and the team had sought to develop the project to respond to the operating environment in an agile fashion; and • whether there was sufficient budget for the spend for which approval was being sought, noting that this was available. 	
16.3	<p>The Board noted the update and approved a contingency spend of £50,000 (to allow for a maximum overall project spend of up to £300,000) to complete the final phase of the SMART Project if so required.</p>	
17	Cloud Services Contract	
17.1	<p>The EDCS presented a paper summarising the outcome of the Cloud Hosting Services procurement exercise and seeking Board approval for the contract award, which could exceed the threshold for ELT approval due to the cumulative value over the term of the contract. He explained that the new contract was intended to commence in April 2024 for an initial 3-year period, with the option to extend for a further year. The hourly rates would not differ to the current rates payable, but the new terms under G Cloud 13 could be advantageous to Audit Wales. He was also anticipated that usage could decrease as legacy systems were phased out.</p>	
17.2	<p>The Board approved award of the Cloud Hosting Services contract to Amazon Web Services 2024 for an initial 3-year period, with the option to extend for a further year.</p>	
18	Culture Amp: in year staff surveys	
18.1	<p>The EDCC presented a paper updating the Board on the proposed sequencing, coverage and format of staff surveys planned for the forthcoming year. She explained that the Culture Amp platform would be used for experiential surveys, while those to check compliance would use Microsoft Forms. She also confirmed that the HR team was exploring how Audit Wales could maximise the value of the Culture Amp platform, for example, in connection with learning and development.</p>	
18.2	<p>The Board sought assurance that data protection requirements were being managed appropriately as personal data was being processed, and the EDCC indicated that Law and Ethics had advised, and she was satisfied that Culture Amp had appropriate measures in place.</p> <p>The Board sought assurance that data protection requirements were being managed appropriately, as personal data was being processed. The</p>	

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	EDCC indicated that Law and Ethics had advised on these matters. While Law and Ethics had some concerns about the clarity and accuracy of Culture Amp's privacy notice, she was satisfied that Culture Amp had appropriate underlying measures in place.	
18.3	The Board briefly discussed: <ul style="list-style-type: none"> the risks of over surveying staff, suggesting that management provide advance communication on the rhythm and purpose of surveys planned; whether the survey data could be supplemented by focus group discussions, noting that management would need to identify a clear purpose for doing that; the merits of carrying out a sense check on the user experience of the survey. 	
18.4	The Board noted the proposed suite of surveys and the planned sequencing.	
19	GPX: maximising the impact	
19.1	The EDCC presented, for information, a paper outlining how Audit Wales could maximise the impact of the Auditor General's work through the GPX team. She explained that historically the GPX team had facilitated learning events and seminars, as well as sharing good practice information through blogs, written resources and videos (subject to data protection constraints). However, post COVID there was an appetite for a different approach and the team was seeking to embed the role of GPX into the audit process to: <ul style="list-style-type: none"> increase impact by working alongside audit teams during an audit to identify and share good practice as it emerged; provide more opportunities to share good practice during our audit work; and develop a wider breadth of good practice outputs. 	
19.2	The Board noted the paper.	
20	Review of the forward work programme	
20.1	The Board discussed its forward work programme which the Board Secretary would update.	
21	Any other business	
21.1	In response to a question the EDCC confirmed that a communication to tell staff about the timing and planned content of the next round of ELT roadshows would be issued shortly.	
21.2	The Board noted that this was Elinor Gwynn's final Board meeting and thanked her for her contribution to Audit Wales, recognising the value of the different perspectives that she had offered. Members expressed their good wishes for the future.	
22	Review of the meeting	
22.1	The Board noted feedback from observers, who commented on the welcoming environment and the strong levels of scrutiny and challenge.	

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22.2	The Chair noted the quality of the papers and thanked members for their contributions and strong discussions.	
23	Date of next meeting	
23.1	Board meeting – Wednesday 12 and Thursday 13 June 2024	