

Wales Audit Office Board
Minutes of the meeting on Wednesday 12 and Thursday 13 June 2024
Held in the WAO Cardiff office

Members:

Adrian Crompton	Chief Executive and Auditor General for Wales
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 (Chaired for items 1 – 5)
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee (A&RAC) (Chaired for items 6 – 19)
Michael Norman	Non-executive member
Richard Thurston	Non-executive member
Apologies:	Andrew Clarke, Independent member of the A&RAC

In attendance:

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)
Matthew Hockridge	Head of Planning & Reporting (items 10,11 and 12)
Matthew Jubb	Head of IT (item 15)
Nicola Evans,	Head of Finance (items 3, 10, 11 and 12)
Shelley Evans	Finance Lead (item 3)

Observers:

James Addison	Graduate Trainee (items 6 to 19)
Katrina Febry	Audit Lead (items 6 to 19)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	WAO finances: information session
4	Governance event: information session
5	Employee engagement
6	Review of minutes: Board meetings 20 & 21 March 2024; 05 April 2024; 29 April 2024
7	Review of action tracker
8	Chair's update
9	Report of the Chief Executive and Auditor General
10	Report from the Chair of the A&RAC: June meeting
11	Integrated performance report
12	Report from the Chair of the R&HRC: April meeting and Annual Report
13	Board effectiveness: process and timetable for self-assessment 2024-25

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Item	Agenda
14	Information Security Policy
15	ELT Annual Report
16	Any other business
17	Review of the forward work programme
18	Review of the meeting
19	Date of next meeting: 30 and 31 July 2024

Item	Minutes	Action
Standing Items		
1	Welcome and apologies for absence	
1.1	The SID welcomed members and those in attendance. He noted an apology for absence from Andrew Clarke.	
2	Declarations of interest	
2.1	There were no declarations of interest.	
3	WAO finances: information session	
3.1	The Head of Finance provided a training session for the Board explaining the WAO funding regime and governance, key financial terms, the medium-term financial plan, financial reporting and monitoring and the Board's role in respect of financial matters and key documents.	
3.2	The Board Secretary would add a copy of the supporting presentation to the Board reference library.	BS
4	Governance event: information session	
4.1	Ian Rees provided a brief summary of his attendance at the 'Leading the Way – Governance Wales 2024' event held on 21 May 2024. He outlined the matters covered and highlighted both good governance practices discussed and the common features emerging from high-profile governance failures.	
4.2	The Board discussed the good governance practices highlighted in the context of Audit Wales and noted that staff at Audit Wales had considerable governance expertise which the Board could access to support its development.	
5	Employee Engagement	
5.1	The EDCC presented a paper providing feedback on the recent all-staff conference and the spring 2024 leadership roadshows. She outlined the objectives of the events which included building employee confidence in leadership, increasing understanding and connection with the vision for Audit Wales and the annual plan priorities and celebrating achievements.	
5.2	The Board discussed the value of the conference in bringing staff together and providing informative and inspiring plenary and workshop sessions. The Board was pleased that overall feedback on the event had been positive and encouraged management to consider how to build on that in	

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	planning future events. In response to a question on allowing more time for networking with colleagues, the EDCS explained that a one-day event had offered good value, but the cost of extending an event over two days would be significant. In planning future events, the ELT would however consider how to build in more informal contact time if feasible.	
5.3	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the issues raised by staff at the leadership roadshows, the priorities that the ELT had identified and the action that was planned and underway . • the practicalities of the roadshows, including: <ul style="list-style-type: none"> • timing, with the roadshows held shortly after the conference; • the time spent by the ELT in planning and delivering the road shows; and • attendance, which was not mandated and had been lower than at the previous team-based roadshows. 	
5.4	The Board recognised that the roadshows had provided continuity of contact with staff and an opportunity to develop themes emerging from the conference. While attendance had been lower, engagement was strong and the EDCC would ask Directors and Heads of Service to ensure that staff who had not attended understood the organisation's priorities. While recognising the value of engagement through the roadshows, the Board suggested that the ELT consider the time commitment when planning future events, to ensure best use of their time.	
5.5	The Board briefly discussed the responses to the post roadshow survey, overall staff engagement measures in the staff survey and the mechanisms for comparing Audit Wales staff engagement levels against other public bodies.	
5.6	The Board noted the report.	
Chair Appointment		
-	The SID reported that the Senedd had approved the appointment of Ian Rees as Chair of the Wales Audit Office Board. He congratulated Ian on his appointment and confirmed that Ian would Chair the business meeting on 13 June.	
6	Review of minutes: Board meetings 20 & 21 March 2024; 05 April 2024; 29 April 2024	
6.1	Subject to amendment of paragraph 18.2 to reflect points raised by the Law and Ethics team on Culture Amp's data privacy arrangements, the Board approved the minutes of its meeting on 20 & 21 March 2024 as an accurate record.	
6.2	The Board approved the minutes of its meetings held on 05 and 29 April as an accurate record. The Board noted that the minutes to these meetings included legally privileged information, personal and confidential data and accordingly would not be published.	
7	Review of action tracker	

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7.1	The Board received an update on delivery against actions on the Board action tracker.	
8	Chair's Update	
8.1	The Chair thanked the SID and the AGW for their leadership of the organisation pending the Senedd appointment of Board Chair. He outlined his early plans and priorities, including those for internal and external engagement and reviews of the Board Communication and Development Plans.	
8.2	The Chair indicated that he would be conducting a full review of Committee membership ahead of the July Board meeting. However, for the purposes of continuity, and ensuring a quorum on the Remuneration and HR Committee (R&HRC), he proposed, and the Board approved: <ul style="list-style-type: none"> the continued appointment of Alison Gerrard as Chair of the R&HRC; the appointment of Ian Rees to the R&HRC; the appointment of David Francis as Chair of the A&RAC and David's continued appointment as Senior Independent Director. 	
8.3	The Chair reminded non-executive and employee members of the respective processes to be followed should they wish to wish to take on additional roles or commitments outside the Wales Audit Office. He asked the Board Secretary to write to members to confirm these arrangements.	BS
8.4	In accordance with the Board's Terms of Reference the Chair sought ratification of the virtual retrospective approval of the Microsoft Enterprise Subscription Agreement. He reminded members that during their consideration of this request for approval the Board had asked the EDCS to conduct a review of the Audit Wales contract register. The EDCS reported that his review had identified five rolling contracts where cumulative values were such that either the approval of the ELT or Board should have been sought. Approvals had been sought from the ELT and Board for two ongoing contracts but the three remaining had either expired or were close thereto. He confirmed that the Financial Management Handbook had been updated to include a specific duty for budget holders to ensure necessary approvals were in place before entering into a contract, and the Business Services Procurement Partner was planning training for budget heads and holders, as well as additional monitoring.	
8.5	On the basis of the assurances provided, the Board was content to ratify its approval of the Microsoft Enterprise Subscription Agreement. The Chair suggested that an annual update on procurement be provided to the A&RAC and the Board Secretary would add that to the A&RAC work programme.	BS
8.6	The Board otherwise noted the update	
9	Report of the Chief Executive and Auditor General	
9.1	The Auditor General and Chief Executive presented his update and highlighted:	

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	<ul style="list-style-type: none"> • that he had briefed the Public Accounts and Public Administration Committee (PAPAC) on the Community Pharmacy Data Matching Pilot, which provided a good example of the use of data analytics in his work; • the range and value of external engagement activity that he and colleagues had participated in; • the activity to deliver improvements in the use of the Hub Planner system; and • recent exam successes. 	
9.2	The Board was pleased to note that management had responded swiftly to frustrations raised regarding the use of Hub planner and was keen to understand the timescales for implementation of improvements. The AGW explained that much of the work would be completed by September 2024 and, when the action plan was finalised, he intended to share information on the actions and their sequencing with staff.	
9.3	The Board noted that it would consider options for the West Wales office at its meeting in July and asked the Board Secretary to look into the feasibility of holding that meeting in the Swansea office.	BS
9.4	The Board otherwise noted the update.	
10	Report from the Chair of the A&RAC: June meeting	
10.1	<p>The Chair of the A&RAC presented his report of the Committee's meeting on 11 June. He highlighted:</p> <ul style="list-style-type: none"> • the reports received by the Committee on the annual independence returns exercise and internal whistleblowing; • the positive internal audit annual report; • the review of the performance of internal and external auditors, which would be considered further in due course; • that the Committee had had a detailed discussion on risk management, and the incoming Committee Chair would take forward the format and subject matter for future deep dives; and • that the Committee had considered the revised risk appetite statement and explored whether the statement was sufficiently granular and whether the approach to risk management was sufficiently bold, which were matters for the Board to take account of in considering the Committee's recommendation that it approve the risk appetite statement. 	
10.2	<p>The Head of Planning and Reporting explained:</p> <ul style="list-style-type: none"> • that that the risk appetite statement had been aligned to the framework used for presenting risks in the Annual Plan with ratings allocated for each area of risk; • the risk areas could be developed in more detail, but the ranges were intended to provide a point of reference when considering risks; and • the risk areas had been developed by mapping against the previous risk appetite statement and the current risk framework. 	

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10.3	The Board noted the Committee's advice and, in that context, considered the practical use of the risk appetite statement, including how it could be used to inform the Board's discussions. The Board asked that the paper cover sheet for Board items be extended to include both risks and the risk appetite for items, and more time be allocated to higher risk items.	BS
10.4	On the recommendation of the A&RAC the Board approved the risk appetite statement. The Board otherwise noted the report.	
10.5	The Board Secretary provided an update on the process and timing for the recruitment of a new independent member of the Committee. She confirmed that in the absence of an independent member the Committee would be quorate provided two non-executive members were present.	
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 the 2024-25 financial year.	
11.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the savings target for 2024-25, seeking clarification of the overall target and sum required to meet it; • whether a reduction in the contractor budget would be an appropriate means of saving in light of the priority to reduce the audit backlog, albeit the contractor pool was currently empty. The EDCC explained that the contractor budget covered all contractors, and the budget would be monitored to establish whether savings could be made. • strategic risks, noting that the A&RAC had asked for more detail of the mitigations for the new risks added; and • whether risks relating to the potential creation of a 'value for money office' in the event of a change in government had been considered, noting that the ELT was monitoring the situation. 	
11.3	The Head of Planning and Reporting provided an update on the development of the Integrated Performance Report which would include a data dashboard covering audit delivery, annual plan priorities, finances, KPIs, people and risk. He provided a short demonstration of the dashboard and explained the process and timing for incorporating its constituent parts.	
11.4	The Board was content with the plans for the content of the dashboard and asked that the supporting narrative be developed so as to provide insight into the impact and correlation of the data. The Board was also keen that the Performance Report was developed so it could see the evolution of matters, with progress, developments and trends explained as the Board would only see the report periodically. The Board asked whether the report would be available to all staff, noting that this was anticipated but checks were needed, for example in respect of the HR data that was to be included. The Chair indicated that he would be discussing the planned contents of the report with the EDCC over the summer and that the Board	

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	would prefer future reports to be data-driven with only the necessary narrative included.	
11.5	The Board noted the report.	
12	Report from the Chair of the R&HRC: April meeting and Annual Report	
12.1	The Chair of the Remuneration & HR Committee presented her report of the Committee's meeting on 30 April 2024 and highlighted the Committee's recommendation for approval of the Strategic Workforce Plan.	
12.2	The EDCS outlined the context and process for the development of the workforce plan. He had fully explored the Committee's suggestions in collaboration with Darren Griffiths and made some changes to the plan. The EDCS provided a brief summary of the key messages in the plan.	
12.3	The Board discussed the profile of the workforce, whether vulnerabilities and risks had been identified and the actions in hand to address these. The EDCS explained: <ul style="list-style-type: none"> • that the ELT was responsible for operational management and would consider succession planning, with oversight from the R&HRC; • staff development programmes for people management and aspiring leaders had been rolled out to help develop staff for the future; • secondments were an option, albeit limited due to the need to ensure the Auditor General's independence, and he was discussing potential opportunities with the other public audit bodies; and • the workforce plan had inter-relationships with other plans such as the Strategic Equality Plan and the Welsh Language strategy, where Audit Wales was seeking to strengthen resilience. 	
12.4	The Board approved the Strategic Workforce Plan.	
12.5	The observers and Executive Directors left the meeting to allow the Board to discuss matters related to the Executive Director appraisals in private.	
12.6	The Board discussed the process for performance management both of the Executive Directors and staff. For the benefit of the new non-executive members the Chair of the R&HRC outlined the change in process for performance management from formal annual appraisals to a more regular coaching approach through 1-2-1 meetings; she explained that the Committee had provided regular oversight as that change was implemented. The Chair of the R&HRC confirmed that the Committee was assured as to the process and outcome of the AGW's appraisals of the Executive Directors.	
12.7	The observers and Executive Directors rejoined the meeting.	
12.8	The Board noted the other matters outlined in the report.	
12.9	The Chair of the Remuneration & HR Committee presented, and the Board approved, the Committee's annual report for 2023-24.	
13	Board effectiveness: process and timetable for self-assessment 2024-25	

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13.1	<p>The Board Secretary presented a paper outlining the proposed approach for:</p> <ul style="list-style-type: none"> a) conducting a self-evaluation of Board effectiveness for reporting in the 2024-25 annual governance statement; and b) commissioning an external independent evaluation of its effectiveness in 2025 to meet good practice. <p>She explained that the self-evaluation questionnaire would follow the format used in 2023 and confirmed that regular contributors, Directors and Heads of Service would have an opportunity to input.</p>	
13.2	<p>The Board suggested that feedback also be sought from observers and that input from staff with board effectiveness experience be sought when scoping the external review. The Board also discussed the potential for the internal auditors to carry out the review, taking account of their knowledge of Audit Wales.</p>	
13.3	<p>The Board approved the proposal and members agreed to complete the self-assessment on an individual basis by 08 November 2024.</p>	
14	Information Security Policy	
14.1	<p>The Head of IT presented a revised Information Security explaining that:</p> <ul style="list-style-type: none"> • terminology and guidance had been updated as part of a routine policy review; and • a data breach checklist developed in response to an internal audit recommendation, a draft of which had been provided to the Board for information. 	
14.2	<p>The Board asked whether the organisation had sufficient policy protection to prevent staff from taking Audit Wales data with them and making use of it when they left. The Head of IT indicated that this was a recognised risk, and he would check whether this was sufficiently covered in policy terms elsewhere, or whether it should be mentioned in the Information Security Policy.</p>	HoIT
14.3	<p>The Board approved the updated Information Security Policy.</p>	
15	ELT Annual Report	
15.1	<p>The Chief Executive presented his annual report of activity undertaken by the Executive Leadership Team (ELT) during 2023-24. He highlighted the role of the staff panel in providing input and feedback, and in improving transparency. He explained that the ELT continued to focus on its leadership of Audit Wales in response to feedback in the staff survey and was adopting a more visible and overt approach.</p>	
15.2	<p>The Board noted the report and commended the ELT on their willingness to reflect on feedback and respond constructively.</p>	
16	Any Other Business	
16.1	<p>The Auditor General offered his apologies for the July Board meeting and confirmed that he would review the papers with the ELT and provide his input to the Chair ahead of the meeting.</p>	
17	Review of the forward work programme	

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17.1	The Board discussed its forward work programme which the Board Secretary would update. The meeting in July would be brought forward by half an hour to allow sufficient time to cover a full agenda.	
17.2	The Board noted the paper.	
18	Review of the meeting	
18.1	The Board noted feedback from observers, who commented on the quality of the Chairing, clarity of purpose of items, the wide opportunities for members and attendees to ask questions or comment and the collegiate working environment. The observers expressed their interest in the development of the integrated performance report and its role in providing real insight through the triangulation of data. The observers noted that a number of abbreviations and acronyms were used in the papers and suggested that a glossary would be helpful.	
19	Date of next meeting	
19.1	Board meeting – 30 and 31 July 2024	