

**Wales Audit Office Board**  
**Minutes of the meeting on Wednesday 13 and Thursday 14 November 2024**

**Members:**

Ian Rees	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
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

**Apologies:**

Anne Beegan	Elected employee member
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**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)
Amy Lord	AD&G Audit Lead (item 3)
Anthony Veale	Audit Director (item 3)
Derwyn Owen	Audit Director (item 3)
Terry Jones	AD&G Manager Audit Quality & Policy (item 3)
Tom Haslam	AD&G Manager Performance Audit (item 3)
Matthew Hockridge	Head of Planning & Reporting (items 4, 5, 6 and 11)
Nicola Thompson	Planning & Reporting Data Officer (item 4)
Nicola Evans	Head of Finance (items 11 and 12)
Gareth Phillips	Head of Communications (item 15)
Hywel Jones	Welsh Language Officer (item 15)

**Observers:**

Owen Purcell	Independent member of the A&RAC
Jemma Trivett	Senior Auditor (items 7 to 12 and 14 to 19)

Item	Agenda
1	Welcome and apologies
2	Declarations of interests
3	How we seek to achieve audit quality
4	Management information dashboard: workshop
5	Annual Plan 2025-26
6	Staff Survey 2024: early results
7	Review of minutes: Board meeting 01 & 02 October 2024
8	Review of action tracker
9	Chair's update

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Item	Agenda
10	Report of the Chief Executive and Auditor General
11	Integrated Performance Report
12	Fee Scheme 2025-26
13	Remuneration and HR Committee: Report from Chair (part 1)
14	Remuneration and HR Committee: Report from Chair (part 2)
15	Welsh Language: annual update
16	Review of the forward work programme
17	Any other business
18	Review of the meeting
19	Date of next meeting: 01 and 02 October 2024, Swansea

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.	
<b>2</b>	<b>Declarations of interest</b>	
2.1	Employee members and other staff present declared an interest in item 13 (Remuneration and HR Committee: Report from Chair (part 1)) which related to pay. The Chair indicated that employee Board members, Executive Directors and other staff would leave for this item to be taken in private by the non-executive members and the Auditor General. The Board Secretary would remain to maintain the record of the meeting.	
<b>3</b>	<b>How we seek to achieve audit quality</b>	
3.1	The Chair explained that this item was tabled to provide members with a shared understanding of how Audit Wales seeks to achieve audit quality.	
3.2	The EDAS introduced and the AD&G Manager Audit Quality & Policy, AD&G Manager Performance Audit, Audit Directors and the AD&G Audit Lead spoke to a presentation which outlined the processes and systems which supported Audit Wales to deliver high quality audits and meet audit quality standards.	
3.3	The Board discussed: <ul style="list-style-type: none"> <li>• the approach to developing specialist sector specific knowledge through a combination of core training and the transfer of expertise across teams;</li> <li>• whether Audit Wales' quality arrangements could be used as a model for other bodies, noting that all audit entities had quality arrangements with the ISQM1 auditing standard providing the basis for the quality review process;</li> <li>• how, within the quality framework, risks to audit quality were identified and addressed, noting that the QAD scores indicated whether quality</li> </ul>	

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	<p>objectives were being achieved and review processes considered quality throughout the cycle of an audit;</p> <ul style="list-style-type: none"> <li>• whether Audit Wales audit quality arrangements were appropriate and proportionate, noting that the approach was driven by auditing standards and the AD&amp;G team was planning how the current approach could be evaluated;</li> <li>• the roles of non-audit staff in supporting audit quality, noting that this was emphasised at the conference and in wider communications;</li> <li>• how the approaches to risk assessment and professional scepticism were applied and reflected in the quality model, noting the role of reviewers in the audit process and that further training was being planned in these areas;</li> <li>• the security and robustness of the SharePoint platform, noting the arrangements and controls in place to protect Audit Wales' systems and software.</li> </ul>	
3.4	The Auditor General assured the Board that he was content that audit quality was front and centre to his work, with a suitable breadth and depth of arrangements.	
3.5	The Board expressed its thanks for a comprehensive and informative presentation.	
<b>4</b>	<b>Management information dashboard: workshop</b>	
4.1	The EDCC introduced a workshop intended to support members in navigating and understanding the information held in the Management Information Dashboard (MID).	
4.2	The Head of Planning & Reporting explained that the development of the MID was well underway, and included current data on annual plan priorities, finances, KPIs and risk. The sections covering audit delivery and people metrics were in development and expected to be populated by March 2025.	
4.3	The Board participated in a workshop where they explored the location, interpretation and triangulation of data and offered feedback on their experience to inform the further development of the MID.	
4.4	The Board thanked the Planning and Reporting team for the work that had gone into the development of the MID and for the valuable workshop session.	
<b>5</b>	<b>Annual Plan 2025-26</b>	
5.1	The EDCC introduced a paper outlining the proposed structure, timetable and proposed areas of focus of the draft Annual Plan for 2025-26.	
5.2	<p>The Head of Planning &amp; Reporting explained that:</p> <ul style="list-style-type: none"> <li>• the early draft plan priorities had been developed following consultation with Directors, Heads of Service and the ELT;</li> </ul>	

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	<ul style="list-style-type: none"> <li>• there would be further review to take account of progress made against the current priorities, emerging issues and delivery of the five-year strategy;</li> <li>• he intended to incorporate the risk appetite statement in the plan, consider the emerging themes from the staff survey and the potential impact of a period of change in the lead up to and following the end of the AGW's term of appointment; and</li> <li>• a more developed draft including detail on the business plan priorities, KPIs and targets would be presented to the Board in February.</li> </ul>	
5.3	<p>The Board discussed, and made suggestions in respect of:</p> <ul style="list-style-type: none"> <li>• the priorities, noting that some would be a continuation of current year priorities;</li> <li>• reducing the number of priorities to provide greater focus on the most important issues;</li> <li>• the process for engaging staff in the development of the annual plan, noting that Directors and Heads of Service provided primary input taking account of insight from their teams, and there was wider engagement in the development of team business plans to deliver organisation wide thematic priorities;</li> <li>• undertaking an impact assessment as part of the planning process;</li> <li>• whether there was a role for the staff who had attended the aspiring leader's programme in developing or driving the delivery of the plan;</li> <li>• the process for developing the Board's business plan priorities for 2025-26;</li> <li>• taking account of horizon scanning and intelligence from and about external stakeholders in developing the plan.</li> </ul>	
5.4	<p>The Board was content with the framework and timetable for the development of the Annual Plan and noted that it would have a further opportunity to consider the draft Annual Plan in February prior to its presentation for approval in March 2025.</p>	
<b>6</b>	<b>Staff Survey: early results</b>	
6.1	<p>The EDCC provided a summary of the results from the staff survey, which had been circulated to members ahead of the meeting. She explained that:</p> <ul style="list-style-type: none"> <li>• the early results suggested an overall improvement and highlighted areas where there were opportunities for more to be done, for example to further develop staff engagement and pride in the organisation;</li> <li>• the ELT intended to continue with work in train to develop confidence in leadership, including the programme of roadshows;</li> <li>• the comments would be reviewed in tandem with the quantitative data; and</li> <li>• she was keen for staff to understand that the results of the survey were not just for the ELT to act upon but a tool for a whole organisation approach.</li> </ul>	

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6.2	<p>The Head of Planning &amp; Reporting explained that the 80% response rate was very positive and he would be:</p> <ul style="list-style-type: none"> <li>• sharing the full results and comments with the Executive Directors and Board Chair;</li> <li>• sharing the scores with staff in a format where individuals could compare their individual responses to the overall outcomes;</li> <li>• sharing directorate level scores with Executive Directors, Directors and Heads of Service;</li> <li>• reviewing the comments report to remove any identifying information prior to translating and sharing the report with staff; and</li> <li>• analysing the results to the engagement questions to produce an overall engagement score for KPI reporting purposes.</li> </ul>	
6.3	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the improvement in scores, which appeared to reflect the overall feeling of increased positivity across the organisation;</li> <li>• the next steps in interpreting the results, considering the areas or themes for improvement and where activity could be targeted to achieve greatest impact;</li> <li>• tolerance levels where changes in scores were minimal but had resulted in a different RAG status to the previous year;</li> <li>• interpretation of scores at directorate level and how these might reveal particular areas of focus for different areas of the business; and</li> <li>• staff expectations for actions as a result of the survey.</li> </ul>	
6.4	<p>The Board was delighted to note the positive messages from the early results, noted the update and looked forward to receiving the detailed results at its development day in December.</p>	
<b>7</b>	<b>Review of minutes: meetings 01 and 02 October 2024</b>	
7.1	<p>The Board approved the minutes of its meeting on 01 and 02 October as an accurate record.</p>	
<b>8</b>	<b>Review of action tracker</b>	
8.1	<p>The Board received updates against actions which the Board Secretary would reflect on the tracker.</p>	
<b>9</b>	<b>Chair's update</b>	
9.1	<p>The Chair presented his written report which outlined his activity since the last meeting. He explained that he had found the Board member appraisal process very valuable and would produce an anonymised list of areas for further discussion as part of the development day activities.</p>	Chair
9.2	<p>The Board noted the update.</p>	
<b>10</b>	<b>Report of the Chief Executive and Auditor General</b>	
10.1	<p>The Auditor General and Chief Executive presented his update and highlighted his external engagement activity which included giving</p>	

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	evidence at a session of the Senedd's Local Government & Housing Committee and providing the closing address at the CIPFA Public Finance Live Cymru (Wales) annual conference 2024 in Cardiff.	
10.2	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the increase in external engagement and its role in developing a positive public profile for Audit Wales;</li> <li>• the leadership roadshows, noting positive outcomes and levels of attendance, that no specific areas of concern had emerged and the ELT was hoping to make future sessions more interactive;</li> <li>• positive feedback from staff on the compressed hours pilot, which would remain a pilot for at least a full year so the impact on seasonal work patterns, and other potential impacts, for example on leave balances, could be assessed; and</li> <li>• the learning from the implementation of change in respect of the compressed hours pilot, noting that a considered approach, with input from Remuneration and HR Committee, had been taken to develop both the pilot and the criteria for its ongoing assessment. This had been supported by ongoing open communication with staff.</li> </ul>	
10.3	The Board noted the update.	
<b>11</b>	<b>Integrated Performance Report</b>	
11.1	The EDCC presented a paper, supported by the MID, which provided the quarter two integrated performance report.	
11.2	<p>The Board discussed progress against delivery of the KPIs at the end of quarter 2, including those where improvement was needed:</p> <p><u>KPI 2: on time delivery of audit products</u></p> <p>The EDAS explained that a plan was in place to deliver the programme, but delivery had been affected by the allocation of some staff to financial audits and sickness absence. The Board noted that this KPI covered thematic and national work which was not all deliverable in-year and a review might therefore be appropriate.</p> <p><u>KPIs 5 and 6: stakeholders' perceptions</u></p> <p>The EDCC explained that the stakeholder feedback underpinning the scores was from March 2024 and the data would be updated to reflect the outcomes of stakeholder feedback exercises involving both the public and audited bodies in early 2025. The Head of Planning and Reporting explained that future stakeholder feedback would be collected annually with respondents grouped and surveyed biennially to mitigate against survey fatigue.</p> <p><u>KPI 7: savings identified</u></p> <p>The Board noted that it was likely that this KPI target would be met, but an increase in the target was unlikely to be prudent due the complexity of monitoring it and the variables that could affect delivery of in year savings.</p> <p><u>KPI 18: Trainee success rates</u></p>	

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	The EDAS explained that the reported figures related to a small cohort and she was optimistic that there would be some improvement this year.	
11.3	<p>The Board noted the financial update, and the potential for underspend against budgets and over delivery of income. The Head of Finance explained that:</p> <ul style="list-style-type: none"> <li>• if fee income delivered exceeded the amount set out in the Estimate the funding regime required that it should either be returned to the WCF, or a request to retain the income could be made via a Supplementary Estimate;</li> <li>• she expected to have a clearer forecast in early 2025 at which point she anticipated seeking advice from the Finance Committee on the timing for surrendering any balance;</li> <li>• while the forecasts for the full year were prudent and took account of all currently known information they could be impacted by additional budget spend, staff vacancies, provision for annual leave and provision for the cost to complete; and</li> <li>• income delivery could be slowed, for example by bringing forward planned training, and this would then slightly slow the delivery of the backlog.</li> </ul>	
11.4	<p>The Board discussed:</p> <ul style="list-style-type: none"> <li>• the variables that could affect the forecasts and the impact on both the balance sheet and profit and loss account, noting that forecasting had improved due to improved reporting from the TRM system and variances were expected to be lower than in 2024;</li> <li>• the impact of staff vacancies and the use of contractors to support delivery, noting the challenges of securing contractors and potentially high costs of engaging the firms in the context of Audit Wales' obligation to operate efficiently and cost effectively; and</li> <li>• potential approaches to managing the over-delivery of income, for example reducing charging for overruns, and spending against budgets.</li> </ul>	
11.5	The EDCC provided a brief overview of the ELT's areas of focus which included getting audit delivery back on track, reviewing the outcomes of the staff survey, developing the Annual Plan and delivery of the Strategic Workforce Plan.	
11.6	The Board otherwise noted the report.	
<b>12</b>	<b>Fee Scheme 2025-26</b>	
12.1	The Head of Finance presented a paper seeking the Board's approval of the Fee Scheme for 2025-26 as attached to the draft Estimate previously approved by the Board. She explained that the Fee Scheme reflected an average fee rate increase of 1.7% and reflected efficiencies from the review of the ISA315 implementation, and the responses to the consultation had been uniformly positive	

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12.2	The Board approved the Fee Scheme for 2025-26 for consideration by Finance Committee.	
<b>13</b>	<b>Remuneration and HR Committee: Report from Chair (part 1)</b> <b>(confidential - taken in private)</b>	
13.1	The Chair reminded the meeting that due to a conflict of interest employee members, Executive Directors and the staff observer would leave the meeting for the discussion and decision on the Report from the Chair of the R&HRC (November meeting) Part 1. The Board Secretary would remain to maintain the record.	
13.2	Chris Bolton, Darren Griffiths, Anne-Marie Harkin, Anne-Louise Clarke, Kevin Thomas and Jemma Trivett left the meeting.	
13.3	Redacted	
13.4	Redacted	
13.5	Redacted	
13.6	Redacted	
13.7	Chris Bolton, Darren Griffiths, Anne-Marie Harkin, Anne-Louise Clarke, Kevin Thomas and Jemma Trivett rejoined the meeting.	
<b>14</b>	<b>Remuneration and HR Committee: Report from Chair (part 2)</b>	
14.1	The Committee Chair presented the report of the Remuneration and HR Committee meeting held on 14 November and highlighted: <u>Performance Management</u> : a demonstration of the performance management system had provided assurance that the system provided a robust framework for performance management. <u>Sexual Harassment Preventative Duty</u> : the new duty was effective from 26 October, and while the report was provided post implementation of the legislation the Committee was assured that the HR team had been aware of the legislation and carried out regular horizon scanning, but the supporting practical guidance had only recently been made available. The Committee would monitor both compliance activity and reporting. <u>The People and Organisation Development Strategy</u> : had reached the end of its life and a report was provided on the considerable range of work that had been carried out to deliver it. The Committee was content to recommend that the People and Organisation Development Strategy be succeeded by the Strategic Workforce Plan. <u>The Probation and Capability Policy</u> : the separate Probation and Capability Policies had been reviewed and consolidated to create a single clear and consistent policy. The Committee was content to recommend that the Board approve the Policy.	
14.2	The Board discussed the Sexual Harassment preventative duty, recognising that while there had been no formally recorded reports in recent years, statistical data suggested that a high proportion of women had at some time in their working lives experienced sexual harassment.	



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	The Board was keen to ensure that risks relating to the duty and reporting were considered and the planned training would help with messaging and developing a culture where staff would feel confident to report. The Board also suggested that management look into the practices and culture of organisations that had developed good practice in this area.	
14.3	On the recommendation of the Committee, the Board: <ul style="list-style-type: none"> <li>• supported the actions proposed to comply with the new sexual harassment preventative duty;</li> <li>• adopted the Strategic Workforce Plan as its people strategy, with quarterly monitoring of delivery by the R&amp;HRC; and</li> <li>• approved the revised Probation and Capability Policy.</li> </ul>	
14.4	The Board otherwise noted the report.	
<b>15</b>	<b>Welsh Language: annual update</b>	
15.1	The EDCC presented a paper which: <ul style="list-style-type: none"> <li>• reminded the Board about the Welsh Language compliance notices for the Auditor General for Wales and the Wales Audit Office and the approach taken to ensure compliance;</li> <li>• presented the Welsh Language Report for 2023-24, providing assurance that the Welsh Language Commissioner had not raised any concerns regarding Audit Wales' compliance; and</li> <li>• outlined a revised timeline for reporting annually to the Board to provide assurance on compliance with the Welsh Language Standards and delivery of the Welsh Language Strategy.</li> </ul>	
15.2	The EDCC proposed bringing the draft annual Welsh Language report to the Board in July each year to provide an opportunity for the Board to provide its advice prior to the publication of the report in September. She explained that the internal Welsh Language Strategy group had been reconvened and would be meeting in November to review delivery of the strategy.	
15.3	The Board discussed: <ul style="list-style-type: none"> <li>• the proportion of posts that were Welsh essential and whether this should be increased from its current level, noting the success in recruiting to some roles in audit;</li> <li>• the numbers of staff who had yet to submit updates on their level of Welsh language skills;</li> <li>• the high numbers of staff learning Welsh, though progress from awareness to proficiency appeared limited;</li> <li>• the role of recruitment in increasing Welsh language use and proficiency;</li> <li>• trends in respect of Welsh language skills data, asking that data over a longer period be provided so trends could be considered;</li> <li>• how the Board could show its commitment to the Welsh language strategy and developing use of Welsh language in the organisation, for example through bilingual Board meetings; and</li> </ul>	

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	<ul style="list-style-type: none"> <li>creating an environment where staff were confident to use their Welsh irrespective of their level of skill.</li> </ul>	
15.4	<p>The Board:</p> <ul style="list-style-type: none"> <li>noted the compliance notices for the AGW and WAO and the arrangements for compliance with the standards;</li> <li>noted the Welsh Language Report 2023-24; and</li> <li>agreed the future arrangements proposed for reporting on compliance and delivery of the Welsh Language Strategy 2023-27.</li> </ul>	
<b>16</b>	<b>Review of the forward work programme</b>	
16.1	The Board discussed the forward work programme which the Board Secretary would update. The Board noted that the March meeting was likely to be reduced to a single session on 20 March with an all-staff conference scheduled for 19 March 2025, The Board Secretary would email members with revised meeting dates and times.	BS
<b>17</b>	<b>Any other business</b>	
17.1	Richard Thurston updated the Board on the recent Evaluation Society event and highlighted the discussion of the value of the Auditor General's work in respect of the Wellbeing of Future Generations Act.	
17.2	In response to a question regarding the letter to the Finance Committee outlining potential revisions to the Public Audit (Wales) Act 2013, the Auditor General indicated that no formal response had been received and it was unlikely that legislative change would be considered prior to the Senedd elections in 2026.	
<b>18</b>	<b>Review of the meeting</b>	
18.1	The Chair invited feedback on the meeting, and the staff observer commented on her positive experience at the meeting.	
<b>19</b>	<b>Date of next meeting:</b>	
19.1	Board ELT Development: 04 and 05 December 2024, Cardiff Board Meeting: 12 and 13 February, Llandudno Junction	