

Wales Audit Office Board
Minutes of the meeting on Tuesday 20 and Wednesday 21 July 2021

Members:

Lindsay Foyster	Chair and non-executive member
Adam Marshall	Elected employee member (from item 3; recused for the decision at item 10)
Adrian Crompton	Chief Executive and Auditor General for Wales
Alison Gerrard	Non-executive member and Chair of the Remuneration & HR Committee
Anne Beegan	Elected employee member (recused for the decision at item 10)
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
Kevin Thomas	Appointed employee member and Executive Director of Corporate Services (EDCS) (recused for the decision at item 10)

Apologies:**In attendance:**

Anne-Louise Clark	Executive Director of Communications and Change (EDCC) (save for the decision at item 10)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS) (items 1-10, save for the decision at item 10, and item 14)
Amanda Jenkins	Planning & Reporting Specialist (item 4)
Ceri Hughes	Change Programme Manager (item 4)
Laurie Davies	Head of Business Services (item 13)
Matthew Hockridge	Head of Planning & Reporting (item 4)
Nicola Evans	Head of Finance (items 10, 11 and 12, save for the decision at item 10)
Catrin Davies	Senior research Executive, Beaufort Research (item 14)
Katherine Drysdale	Law & Ethics Specialist (minutes)

Observers:

Gareth Phillips	Head of Communications (items 1-8)
Jayana Finlay	Audit Trainee (items 1-8, item 14)
Martin Gibson	Audit Lead (items 1-8, items 11, 12 & 14)
Andrew Clark	Independent Member of the A&RAC (items 1-10)

Item	Agenda
1.	Chair's welcome and apologies for absence
2.	Appointment of the elected employee member
3.	Declarations of interest
4.	Strategic discussion: the five-year strategy
5.	Report of the Chief Executive and Auditor General
6.	Chair's update

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Item	Agenda
7.	Review of minutes: Board meeting 09 and 10 June 2021
8.	Review of action tracker
9.	Reports from the Remuneration & HR Committee 27 May 2021 and 13 July 2021
10.	Travel and Subsistence Review
11.	Performance Reporting
12.	Estimate and Fee Strategy
13.	Health and Safety Committee annual report 2020-21
14.	Communications Update: stakeholder engagement
15.	Any other business
16.	Review of the forward work programme
17.	Review of the meeting
18.	Date of next meeting

Item	Minutes	Action
1.	Chair's welcome and apologies for absence	
1.1	The Chair welcomed members and those in attendance. There were no apologies for absence.	
1.2	The EDCS agreed to produce the blog for the meeting.	EDCS
2.	Appointment of the elected employee member	
2.1	In his capacity as the Elections Officer, the Senior Independent Director presented a paper covering the outcome of the election of employee members to the Board. He explained that he was satisfied with the conduct of the election and the ballot, and no challenges had been raised.	
2.2	On the strength of the Elections Officer's recommendation the non-executive members resolved to appoint Adam Marshall to the Board in accordance with the outcome of the ballot.	
3.	Declarations of interest	
3.1	The Chair welcomed Adam Marshall to the meeting.	
3.2	The employee Board members (Kevin Thomas, Adam Marshall and Anne Beegan) declared interests in items 9 (the Chair of the Remuneration and HR Committee Reports pertaining to the travel and subsistence review and the pay strategy) and item 10 (the travel and subsistence review). The Board noted that the employee Board members would participate in the discussions relating to the travel and subsistence review to support informed consideration of the item, but would recuse themselves from the decisions on this item due to a prejudicial conflict of interest.	
3.3	The Board noted that all staff members present had interests in items 9 and 10 (pay strategy and the travel and subsistence review). The	

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	observers would leave the meeting for items 9 and 10. The Executive Directors would attend during the discussion of the travel and subsistence item to answer any questions arising, but would leave while Board members considered the decisions required. The Board Secretary would remain to minute the items and deal with any governance matters arising.	
4.	The five-year strategy	
4.1	<p>The EDCC and AGW introduced a workshop for Board members to consider and contribute to the five year forward strategy which was being developed by the ELT. They delivered a presentation in which they:</p> <ul style="list-style-type: none"> • reminded members of the purpose and ambitions, which remained fit for the future of Audit Wales and against which progress had been made; • explained that it was timely at this stage in the AGW's term, in the context of changes to the operating environment and with a new senior leadership team in place to develop a forward strategy with a clearer narrative for the future look for Audit Wales and a longer-term 'roadmap' for achieving the ambitions. 	
4.2	<p>The EDCC explained the work that the ELT had done to review the ambitions and the common themes emerging for the ambitions to be fully realised. She presented the three key areas for change which the ELT proposed would form the framework for forward planning and against which goals could be mapped:</p> <ul style="list-style-type: none"> • A more integrated, strategic and dynamic audit programme; • A more targeted and impactful approach to communications and influencing; and • A reinvigorated model for collective leadership across the organisation. 	
4.3	<p>The Executive Directors outlined the key change areas in more detail, and highlighted:</p> <p><u>Audit programme:</u></p> <ul style="list-style-type: none"> • a holistic programme of local and national work, fully using the skills of staff across Audit Wales; • exploring the right topics at the right time drawing on perceptive research and development and responding to changes in the operating environment; and • providing impact and valuable insight to public services in Wales. <p><u>Communications and Influencing</u></p> <ul style="list-style-type: none"> • positioning Audit Wales as a trusted and relevant source of insight; • developing the impact of our work in its timing and presentation; • exploring opportunities to engage and influence; and • taking a more prominent role in influencing the future shape of public audit. 	

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	<p><u>Collective Leadership</u></p> <ul style="list-style-type: none"> • supporting and developing leaders and people managers to work effectively together to lead change and solve problems; • taking a more agile approach to performance management through a mature future focussed approach, identifying the people and technical skills needed in the organisation; and • empowering staff to take decisions at the right level and at pace. 	
4.4	<p>Board members participated in breakout sessions in two groups to consider:</p> <p><u>Session 1</u>: the headlines from stakeholder views of Audit Wales in 2027; and</p> <p><u>Session 2</u>: their reasoning for the stakeholder conclusions; what was in place for the conclusion to be reached; and the evidence or reason for the headlines.</p> <p>Each group fed back a summary of the outputs from their discussions, which the ELT would refer to in finalising the strategy.</p>	
4.5	<p>The Board noted that there was a strong level of commonality of themes emerging from each group and encouraged the ELT to consider:</p> <ul style="list-style-type: none"> • cross referencing the change actions identified to the strategic risk register and assurance framework to identify any risk areas that had not yet been covered; • the activities and resourcing needed to develop areas such as research capability and other areas of specific expertise; • a more proactive approach to increase outreach to new audiences or different groups within existing stakeholders; • clearly identifying the objectives and activities that would drive meeting the strategic aims in the plan; • what activity would be prioritised or deprioritised in taking forward and resourcing the three key priority change areas; • early adoption of the principles of the strategy to shape their approach and maintain momentum; • how to communicate meaningfully with staff and provide staff with an opportunity to provide input to maximise staff support for and ownership of the strategy; and • opportunities for Board members to be actively involved in the communications and engagement process. 	
4.6	<p>The EDCC briefly outlined the next steps which would include presentation of a final version of the strategy to the Board at its meeting in September.</p>	EDCC
4.7	<p>The Board thanked the ELT for its work in developing the strategy and for arranging a productive workshop which had afforded members an opportunity to contribute.</p>	
5.	Report of the Chief Executive and Auditor General	

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5.1	<p>The Auditor General and Chief Executive presented his update and highlighted that:</p> <ul style="list-style-type: none"> • the Senedd committees had been established and introductory meetings were underway; • a careful approach was being taken to re-opening the offices which, subject to Welsh Government guidance, would have increased capacity during August and be available to all staff, including the new trainee cohort which would attend for their induction; and • Isobel Everett had been awarded an MBE in the Queens honours list and had been appointed as Board Chair of the Government Internal Audit Agency. 	
5.2	<p>The Board discussed whether the change programme might have an integrated role in the delivery of the 5-year strategy rather than operating as a separate programme. Management explained that the Change Programme had corralled various long-term projects and moving forward would encompass and support delivery of the key projects needed to achieve the ambitions. The Board noted that management were reviewing the change activities that were underway with a view to develop a more holistic approach.</p>	
5.3	<p>In response to a question, the Auditor General briefly outlined his duty under the Well-being of Future Generations Act (WFGA) to examine the Welsh Ministers application of the sustainable development principle in setting their well-being objectives. He explained that he had similar duties in respect of other bodies, and there would be a theme in the Estimate on the resourcing of this and other work under the WFGA, where the Board would have a role going forward.</p>	
5.4	<p>The Board discussed the return to the offices and considered the impact of a more sterile working environment on staff. The Board noted that there would be a sense of loss for those returning to a different environment but that changes had been necessary to ensure the safety of staff. Management explained that as capacity increased there would be more opportunities for collaborative working and, subject to meeting safety requirements, other settings would be trialled in due course.</p>	
5.5	<p>The Board noted that the pulse survey responses indicated that a proportion of staff continued to feel that they had too much work. The Board was keen to ensure that the survey responses reflected the full picture across Audit Wales and that a range of suitable mechanisms were in place to check on staff well-being. Management explained that:</p> <ul style="list-style-type: none"> • the number of responses to the pulse survey had reduced since last year, but were stable; • the trend on workload pressure was slightly downward, which might reflect that some audits had been completed; • they worked closely with line managers to monitor well-being and asked that line managers regularly engage with staff to manage workload and reinforce the messaging on 'self, family work'; and 	

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	<ul style="list-style-type: none"> an update on recruitment had been provided to Audit Services staff to provide reassurance on resourcing. 	
5.6	The Board noted the report.	
6.	Chair's update	
6.1	<p>The Chair provided a brief oral update on her activity since the June Board meeting which included:</p> <ul style="list-style-type: none"> meeting the Quality Assurance Department (QAD) of the ICAEW in her role as Board link for audit quality - she would arrange for a briefing on audit quality to be deposited in the Board reference library; meetings with Saxton Bamfylde for her effectiveness review interview and to discuss the initial themes emerging from the review; and an introductory meeting with the Chair of the Finance Committee. 	LF
6.2	The Board noted the update.	
7.	Review of minutes: Board meeting 09 and 10 June 2021	
7.1	The Board approved the minutes of its meeting on 09 and 10 June, including the amendments tracked, as an accurate record.	KD
8.	Review of action tracker	
8.1	The Board noted the updates to the action tracker.	
9.	Reports from the Remuneration & HR Committee 27 May 2021 and 13 July 2021	
9.1	The staff observers left the meeting.	
9.2	The Chair of the Remuneration & HR Committee presented her report of the meeting held on 27 May 2021.	
9.3	The Board noted the report, which covered matters for consideration by the Board under item 10.	
9.4	The Chair presented the report of the Remuneration and HR Committee meeting held on 13 July 2021, which she had chaired, and highlighted, in particular, the open and constructive approach to the update provided on the senior team objectives and appraisal process.	
9.5	<p>The Board considered the review of the smarter working policy and were keen to understand the expectations for line managers who had a pivotal role in the effective implementation of the policy. The Chair updated the Board on the Committee's discussions which had touched on:</p> <ul style="list-style-type: none"> the need to support and upskill line managers; providing additional support as new ways of working bed in; the increased time that would need to be spent on management and support; and recognition of the importance of good management going forward. <p>The Board was assured that management recognised the different demands on line managers as the organisation changed its ways of working.</p>	

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9.6	The Board discussed the proposed revision to the travel time policy and noted that the legal advice had been unequivocal and there would be a potential reduction in resource if travel took place in work time.	
9.7	<p>As recommended by the Committee, the Board approved:</p> <ul style="list-style-type: none"> • the amendment of the performance appraisal scheme for 2022 to remove the partially met assessment criteria and include a wellbeing question in the appraisal self-assessment; and • a full review of the performance appraisal scheme in 2022-23. <p>The Board endorsed the approach proposed for HR to:</p> <ul style="list-style-type: none"> • deliver the appraisal scheme in its existing format in 2022, until line managers are upskilled and capable of delivering quality, meaningful check-ins; • upskill managers to focus on the skills they need to develop and support their teams; and • procure an external organisation to carry out a 'healthy organisation audit' to provide a picture of Audit Wales' cultural maturity to support planning next steps. <p>The Board also approved:</p> <ul style="list-style-type: none"> • the pay strategy, for the Auditor General and Executive Director of Corporate Services to work to in pay negotiations with the trades' unions; • the draft Well-being Strategy; • the Organisation and Workforce Design Policy and Procedures, subject to minor amendments and corrections, with a further review of provisions relating to the redeployment pool and pay protection timescales to be conducted in 12 months' time; • the continued use of the Smarter Working policy to underpin Our Future Workplaces Project and the development of our next Strategic Equality Plan, with HR to liaise with PAWB to incorporate Smarter Working into the new Strategic Equality Plan Objectives and continued monitoring of the impact of the policy with the trades unions, and a further review of the Policy to be undertaken in another year; and • the revision to the travel time policy, (to remove the requirement for staff to travel for up to one hour each way in their own time) for implementation following the ballot of staff on the travel and subsistence proposals. 	
9.8	The Chair updated the Board on its discussion of HR capacity, where it had been evident that a reduced team was handling a large volume of work and the end date of the absences were unknown. The Committee was however assured by management's approach in closely monitoring the team's capacity and associated risks.	
9.9	The Board noted the other matters in the report.	
10	Travel and Subsistence Review	
10.1	This item was taken in private for reasons of confidentiality and commercial sensitivity and to support the effective conduct of business.	

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	The Board considered the recommendations from the Travel and Subsistence task and finish group and advice from the ELT on the recommendations and related policy choices and reached a decision for the next steps.	
11.	Performance Reporting	
(a) finance report		
11.1	The Head of Finance presented her report of financial performance to the end of May. She explained that although the report had an amber rating and the position was slightly less favourable than at this point in the previous year, she expected budgeted income to be delivered albeit to a different profile.	
11.2	The Board noted the report.	
(b) strategic risk register		
11.3	The EDCC presented an update on the key strategic risks faced by the organisation and explained that there had been little movement on the register and three risks with a high residual rating remained. She reminded the Board that: <ul style="list-style-type: none"> • its annual risk review had been scheduled for a separate meeting in September; and • that work to review the assurance map and align it with the strategic risk register was underway. 	
11.4	The Board briefly discussed the purpose and timing of its review of the risk register and noted that the review: <ul style="list-style-type: none"> • was timed to align with the environmental analysis to inform the development of the annual plan; and • would challenge the content, focus and rationale for the items on the register to ensure that the register was current and accurate and enable management to focus on the mitigations. 	
11.5	The Board noted the report and was assured that risks were being appropriately managed. The Board also noted that the wider strategic review of the assurance framework planned for the forthcoming months was well timed to align with the development of the five-year strategy.	
12.	Estimate and Fee Strategy	
12.1	The Head of Finance presented a paper, supported by a presentation, outlining the proposed timetable and parameters for the preparation of the Estimate and Fee Scheme 2022-23, which would be considered further by the Board at its meeting in September. The Head of Finance explained that her approach took account of the outputs from the funding strategy review conducted with the Board in May.	
12.2	The Board agreed: <ul style="list-style-type: none"> • To seek changes to elements of funding from fees to the WCF in respect of local work to provide greater flexibility for undertaking national or regional studies, noting that this was likely to be dependent 	

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	<p>on Welsh Government holding WCF harmless by adjusting funding streams for audited bodies;</p> <ul style="list-style-type: none"> • that as part of the discussions with WG to explore whether the pensions increase could be moved from WCF to fees, again noting that this was likely to be dependent on Welsh Government holding WCF harmless by adjusting funding streams for audited bodies • that in the event that WG were not supportive of the above approach to consider whether internal treatment of the pensions increase could be managed to make funding available for this other work; and • the administrative benefits of securing WCF funding for town and community council audits. 	
12.3	<p>The Board also discussed:</p> <ul style="list-style-type: none"> • whether it was feasible to take more time to consider the formulation of the Estimate in the context of strategic planning; and • the importance of ensuring the right resources were in place to fund delivery of the Auditor General's work. 	
12.4	<p>The Board noted the time constraint for development of the Estimate to ensure resources were available to fund delivery of the Auditor General's work and was content with the basis on which management would prepare the joint estimate and draft fee scheme for 2022-23 for further consideration at its September meeting.</p>	
13	Health and Safety Committee Annual Report	
13.1	<p>The Head of Business Services presented the annual report and highlighted:</p> <ul style="list-style-type: none"> • the overall reduction in sickness absence, including a downturn in stress related absence, with the pattern reflecting the national sickness statistics related to Covid-19; • that all staff had taken the statutory minimum leave requirement, but there had been an increase in the number of staff carrying over 15 days or more and HR was working closely with line managers to monitor and manage leave; • that a cautious approach was being taken to reopening the offices as restrictions eased and an increase in capacity was expected in August, subject to Welsh Government guidance which continues to advise that people would still be encouraged to work from home; and • that pulse survey results showed some improvement in the mood of staff, but there was a proportion of staff who felt they had too much work. 	
13.2	<p>The Head of Business Services explained that higher leave carry-over figures were being closely monitored by HR and the Health and Safety Committee and actions to address these would be considered later in the year; however, staff wellbeing was of paramount concern in the first instance.</p>	

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13.3	The Board noted that absence due to stress had reduced, and it would be helpful to see the trends over a longer period in future briefings. The Board recognised that stress related absence might increase over the coming year in the event of resilience levels dropping as the long-term impact of the pandemic is felt.	
13.4	The Board noted the briefing and approved the Committee's annual report.	
14	Communications Update: stakeholder feedback	
14.1	<p>The Board welcomed Catrin Davies from Beaufort Market Research to the meeting. Catrin explained that Beaufort had reviewed Audit Wales approach to capturing stakeholder feedback. She reminded the Board of Audit Wales current approach to capturing feedback, formally and informally, and outlined the recommendations for a future approach which included:</p> <ul style="list-style-type: none"> • collection of quantitative data through an independently run survey with all stakeholders every three years; • conducting an omnibus or panel survey with a representative sample of Welsh population to track wider awareness and understanding of Audit Wales; and • collection of qualitative data through in-depth interviews with stakeholders to explore the quantitative findings in more depth. 	
14.2	<p>The Board discussed, and encouraged management to consider:</p> <ul style="list-style-type: none"> • whether feedback on a rolling three year basis was sufficient, particularly in respect of audited bodies; • how a wider organisational perspective could be gained from across audited bodies; • how the programme would fit with and feed into the five-year strategy; • ensuring that the purpose of stakeholder engagement was clear in relation to the wider role of Audit Wales; • the potential benefits of engaging with an extended range of stakeholders, such as third sector organisations, to understand Audit Wales impact on the audited body; • how to get the best value from online and omnibus surveys; and • how an independent body could assimilate a sufficient understanding of the organisation and its work to conduct effective qualitative discussions. 	
14.3	The Board recognised the value of collecting a breadth of feedback, welcoming the inclusion of the public as stakeholders, and exploring that feedback in greater depth, and that an independent approach could provide an opportunity for more to be raised openly. It would however be important to consider the timing of the work and ensure clarity of purpose.	
14.4	The EDCC thanked the Board for their input, which she would take into account in developing a proposal to bring back to a later meeting.	EDCC

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15	Any other business	
15.1	There was no other business.	
16	Review of the forward work programme	
16.1	The Board noted its provisional work programme. The Board Secretary would review meeting times and dates to manage conflicts with Senedd Committee attendance by the Chair and AGW.	KD
17	Review of the meeting	
17.1	The Chair noted that it had been a particularly long meeting, with a significant agenda, and thanked everyone for their patience and positive contributions.	
20	Date of next meeting	
20.1	21 and 22 September 2021	