

Natural Resources Wales

Board Meeting

16 October 2013

Paper Title	Chair's Summary of Audit and Risk Assurance Committee business held 16 September 2013
Paper Reference:	NRW B (O) 40.13
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Purpose of Paper:	Information
Recommendation:	To note main items of discussion
Decision Required:	N/A

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: Not applicable Impact on the Economy: Not applicable Impact on People and Communities: Not applicable Impact on Knowledge: Not applicable
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Issue

1. To brief the Board on the main points of discussion from the Audit and Risk Assurance Committee held 16 September 2013.

Summary

1. We met using a mixture of video-conference and tele-conference facilities from our base in NRW's Cardiff Bay office linked to three remote sites.
2. We have now formalised the process of report-back on ARAC business from main board meetings and we reflected positively on the process of engagement which we have developed with the board.
3. Mike Palmer from Wales Audit Office was our special guest and he gave a presentation on the Future Generations Bill and WAO's role in preparing the audit response. We welcomed WAO's enlightened approach to their task, had a wide-ranging discussion, acknowledging the important part to be played by NRW as potential exemplar, and concluded that Mike should be invited to return to the ARAC's March meeting for an update on WAO's progress and NRW's engagement.
4. We received a report from Kevin Ingram on the finalisation of the legacy bodies' annual reports & accounts for 2012-13 and the preparations for the 2013-14 "campaign" which will be subject to project management disciplines. Both the accounts and the annual report will be "trialled" on the basis of performance to 30 November and the ARAC will receive a comprehensive update report on the outcome at our March meeting.
5. Phil Pugh of WAO presented the 2012-13 external audit management letters for both CCW and FCW and management confirmed their acceptance of the recommendations which were pleasingly minor in nature.
6. Martin Veale spoke to his internal audit summary report which included the results of four audit reviews (all demonstrating substantial assurance), a progress report on the 2013-14 internal audit programme (which is largely on track), an update on the evolving internal audit structure and delivery arrangements (with which we were happy) and a listing of the outstanding internal audit recommendations inherited from legacy bodies. Emyr and his team will now assess the relative priority to be attached to each of these recommendations and will report back to our November meeting with an audit trail of decisions taken. We will expect some risk-based rationalisation but that all high priority recommendations would be followed-up by NRW management.
7. We approved the proposed risk management policy subject to minor amendment, together with proposals for its communication and promulgation. The board will be asked to take a view on its risk appetite in the context of a discussion on business plan priorities in February.

8. We reviewed the latest version of the corporate risk register noting that this would be further amended following a discussion by the executive team of the additions and amendments which emerged from the board's discussion on 3 September. The amended version will be presented to our next meeting in November, together with an audit trail for the various points made by the board.
9. We reviewed the latest update on progress with the implementation of the recommendations of the WAO's value for money report on FCW. We agreed to discuss a consolidating report on delivery at our meeting in March and to then take a view as to whether our assurance level is such that the item can be dropped from our routine agenda.
10. We are reviewing the NRW's ARAC arrangements against the best practice benchmark set out in the Treasury's handbook for ARACs. This will result in the identification of improvement actions which will inform our ARAC effectiveness review workshop and a revision to our terms of responsibility. Proposals for taking this forward will come to our November meeting, but in the interim we will proceed to implement any obvious and simple improvements which are identified.
11. As is now our standard practice we reviewed the meeting and our performance as our final agenda item. Comments were universally favourable, but we identified some learning points and as Chair I was chastened by the reminder that we can tick all the business boxes efficiently and effectively but this will be for nought unless NRW delivers its mission.

Risks

12. Failure to advise the Board and to support the Accounting Officer on matters of risk, financial stewardship and accountability would increase the risk of governance and control issues and reduce the opportunity to take appropriate action to rectify any such weaknesses.

Financial Implications

Not applicable

Communications

Any points raised by the Board will be minuted.

Equality Impact Assessment (EqIA)

Not applicable.