

Natural Resources Wales

Board Meeting

4 September 2013

Paper Title	Chair's Summary of Audit and Risk Committee business held 15 July 2013
Paper Reference:	Paper NRW B (O) – 35/13 – Sept 2013
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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 15 July 2013

Summary

2. We held our July ARAC meeting by video-conference, with our principal centre in Cardiff Bay linked to three other sites. We enjoyed the benefit of full attendance but with a commensurate reduction in travel time and costs, as well as in our carbon footprint.
3. The first part of our agenda was devoted to discussion of the draft annual reports & accounts 2012-13 for CCW and FCW. Both documents had been refined since our first review of them in June by conference call. Wales Audit Office confirmed their intention to issue unqualified external audit certificates for both sets of accounts and the CCW and FCW Heads of Internal Audit both provided positive assurance in their annual opinions for 2012-13. On the evidence presented the Committee had no hesitation in commending both documents for the approval and signature of Emyr as the relevant Accounting Officer.
4. There were a number of issues to be followed up, including:-
 - the recovery of £97k grant paid by CCW to a poorly performing claimant;
 - learning the lessons in consultation with WAO from the end year process (which had worked well in CCW, but less well in FCW); and
 - reviewing the process for the periodic revaluation of the forest estate.

We felt assured that management had gripped all of the important points.

5. We welcomed NRW Head of Internal Audit's latest Annual Plan and Programme for 2013-14 and gave our approval in substance for this, subject to a few specific variations and the retention of flexibility to respond to the Accounting Officer's emerging assurance needs. Rather than adding it to the internal audit programme Emyr wished to consider the possibility of commissioning a Gateway Review for NRW's Transition--perhaps linked to the demobilisation of the Transition Advisory Group role of Remuneration Committee. We agreed that the production of a set of interim accounts later in the year should be accompanied by the drafting of an interim governance statement which would help to highlight any gaps in assurance.

We also approved an Internal Audit Charter for NRW which we will commend for the board's approval.

6. We reviewed two internal audit topic-specific reports--NNRs and Key Performance Indicators for FCW for 2012-13. The former review made us think laterally about firearms and child protection risks and responsibilities which Emyr undertook to brief himself upon. The latter review provided an independent validation of the kpis published in FCW's annual report and was welcomed both by Emyr and the Committee as an approach which might be helpfully extended to the NRW's dash-board kpis.
7. Having regard for time constraints and energy levels we agreed to defer a substantive discussion on NRW's risk management policy until our next meeting in September. But we gave sufficient assurance for the draft policy to be used as the framework for further development by management and we agreed that, with a slight re-sequencing, the latest

"cut" of the corporate risk register should be used as the basis for engaging board discussion in September.

A separate but related board discussion would be required to consider the big ticket environmental risks and opportunities and how NRW might help marshal and mobilise efforts to address them.

8. Other business included:-

- reviewing an updated management action plan to address the recommendations of the WAO's value for money report on FCW;
- agreeing a process to review the NRW ARAC against best practice recommended by HM Treasury in their recently published revised Handbook on ARACs. This is likely to give rise to the need for amendments to the ARAC's terms of responsibility; and
- noting the current Public Sector Internal Audit Standards as the context for NRW's Internal Audit Charter.

9. As has become our custom and practice as a learning organisation, we spent the final ten minutes conducting an instantaneous review of the meeting.

Comments included that we had:-

- kept discussion at the right level;
- started and finished on time;
- got the right balance between items, and
- struck a fair tone between constructive challenge and support for Emyr as Accounting Officer.