

# Natural England Board



Meeting 8  
12 December 2007

Paper No: **NEB PU08 09**

Title: **Audit Committee Terms of Reference and Report on the Meeting on 26 November 2007**

Sponsor: **Christopher Pennell, Chair of Audit Committee**

## **1. Purpose**

- 1.1 The purpose of this paper is to report on the Audit Committee's November meeting and to secure the Board's approval for a revision of the Committee's terms of reference.

## **2. Recommendations**

- 2.1 It is recommended that the Board:
  - 2.1.1 approve the revised terms of reference for the Committee set out at Annex 1;
  - 2.1.2 note both this report and the unconfirmed minutes of the Audit Committee meeting on 26 November 2007 set out at Annex 2.

## **3. The Audit Committee's Terms of Reference**

- 3.1 The Treasury Audit Handbook recommends that Audit Committees review their terms of reference annually. There are set out at annex 1 the revised terms of reference for the Committee proposed to, and accepted by, the Committee for recommendation to the Board.
- 3.2 The reasons for proposing modest amendments to the existing terms of reference are:
  - the Board would wish to confirm in name what is happening in practice, viz that the Committee is operating as an 'Audit and Risk Committee';
  - the titles of certain officers need to be updated;
  - some wording needs to change to avoid the implication that the Committee has executive responsibility in areas where the current text suggests it has;
  - to clarify what expectations the Board might have of the Committee in regard to the Board's Annual Report and Accounts.

#### **4. Issues Arising from the Committee's November Meeting**

4.1 The unconfirmed minutes of the Committee's 26 November 2007 meeting can be viewed at Annex B.

4.2. The Chair of the Committee will report orally and briefly on the meeting, concentrating on the following issues:

4.2.1. The Annual Report and Accounts Process:

- the change of team at the NAO;
- NAO's Management Letter on the 2006/7 Accounts and generous observations on the Accounting Officer's Statement of Internal Control;
- the timetable and action plan for handling the 2007/8 Report and Accounts.

4.2.2. Defra Shared Services:

- current Shared Services performance;
- initial analysis of the feasibility of options for alternative delivery of these services;
- contingency planning.

4.2.3. Internal Audit:

- service capacity (new internal specialist and tendering for external contractor);
- progress with current audit plan;
- audit strategy and the wider assurance map;
- early thinking on the 2008/9 plan.

4.2.4. Risk Management and Internal Control:

- observations on the system and on new Risk and Control Workshops;
- Executive Board plans to update the Strategic Risk Register to take account of developments, including impact of tightening finances and issues emerging from Staff Survey/Conferences;
- review of criteria for Genesis transfer.

4.2.5. The Audit Committee's Effectiveness:

- review using Treasury Guidance.