



## NATIONAL AUDIT OFFICE

### SCHEDULE OF RESERVED MATTERS FOR THE BOARD (“the Board”)

Approved by the Board on 23 February 2012

The following matters must be considered only by the Board and may not be delegated to a committee or sub-committee.

(References to Audit or Remuneration & Nominations Committees indicate that those Committees will consider the matter initially with the final decision being taken by the Board as a whole).

#### Board sole responsibilities

1. Oversight of the overall management of the NAO.
2. Approval of the NAO’s long term objectives and strategy.
3. Approval of annual resource and capital expenditure budgets and any material changes to them.
4. Preparing an estimate of NAO’s use of resources for the Public Accounts Commission. This must include the resources required by the C&AG for his/her functions.
5. Oversight of the NAO’s operations ensuring:
  - Competent and prudent management
  - Sound planning
  - An adequate system of internal control
  - Adequate accounting and other records
  - Compliance with statutory and regulatory obligations.
6. Review of performance in light of the NAO’s strategy, objectives, business plans and budgets ensuring that any necessary corrective action is taken.
7. Approval of major changes to the NAO’s management and control structure.
8. Approval of the NAO Annual Report and Accounts. [Audit Committee]
9. Approval of any significant changes in accounting policies or practices.
10. Approval of Treasury policies (including foreign currency exposure).
11. Ensuring maintenance of a sound system of internal control and risk management [Audit Committee] including:

- Receiving reports on, and reviewing the effectiveness of, the NAO's risk and control processes to support its strategy and objectives;
  - Undertaking an annual assessment of these processes; and
  - Endorsing the Governance Statement for inclusion in the NAO's Annual Report.
  - Reviewing reputational risk issues (in private meeting with the C&AG and Non-executive Members only).
12. Reviewing and approving plans and progress reports on major capital projects.
  13. Approving corporate projects and contracts entered into by the NAO with a lifetime cost above £500,000, or which are material strategically to the NAO.
  14. Approving press releases concerning matters decided by the Board.
  15. Approving the appointment of the senior independent non-executive member, the executive members of the Board (excluding the C&AG), and the chairs and members of Board committees.
  16. Ensuring adequate succession planning for the Board and senior management.
  17. Approving the suspension or termination of employment by the C&AG of an executive ("employee") member of the Board.
  18. Appointment or removal of the Board Secretary.
  19. Determining the remuneration policy for executive ("employee") members of the Board [Remuneration Committee]
  20. Approving the Terms of Reference of the Board committees.
  21. Receiving reports from Board Committees on their activities [Remuneration & Nominations and Audit Committees].
  22. Undertaking a formal and rigorous annual review of its own performance and that of its Committees.
  23. Determining the independence of its non-executive members.
  24. Review of the NAO's overall corporate governance arrangements. [Audit Committee]
  25. Receiving reports on the views of the Public Accounts Committee and other stakeholders.
  26. Approval of key policies including:
    - Code of conduct
    - Health and safety policy
    - Environmental policy
    - Diversity policy
  27. Approval of the appointment of the NAO's principal professional advisors.
  28. Approval of all litigation, prosecution, defence or settlement.

29. Making rules for the purpose of regulating Board procedure.
30. Determining the Board response to members' conflicts or potential conflicts of interest.
31. Making a recommendation to the Public Accounts Commission for the appointment of an auditor eligible for appointment as a statutory auditor [Audit Committee]
32. Approving any services that the C&AG wishes to provide beyond those listed in statute. If the Board approves the provision of any such services it is for the Board to determine the maximum amount of resources that the C&AG may require for the services.
33. Approval of this Schedule of Matters Reserved for Board decision.
34. Matters which the Board considers suitable for delegation are contained in the Terms of Reference of its Committees.
35. In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the NAO.

#### **Joint responsibilities of NAO and C&AG**

##### ***Jointly with the C&AG, the Board is responsible for:***

36. Preparing a corporate plan (known in legislation as the strategy) for the national audit functions (meaning NAO and C&AG functions) and reviewing that plan (and revising it as appropriate) at least once every 12 months.
37. As soon as practicable after the end of each financial year, preparing a report on the carrying out during the year of the national audit functions (meaning NAO and C&AG functions).
38. Preparing a Code of Practice dealing with the relationship between NAO and the C&AG. In doing this the Board and C&AG must seek to reflect the principle that the C&AG has complete discretion in carrying out his/her functions, including determining whether to carry out an examination under Part 2 of the National Audit Act 1983 (c.44) and as to the manner in which any such examination is carried out (subject to any other statutory provision). This principle is subject to any limitations that are agreed between the Commission, the Board and the C&AG.
39. Regularly reviewing the Code of Practice and revising it as appropriate. In preparing or revising the Code, the Board and C&AG must consult the Treasury.