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**JOINT NATURE CONSERVATION COMMITTEE**

**MEETING OF THE JNCC RESOURCES AND AUDIT SUB-GROUP MEETING  
TUESDAY 13 AUGUST 2002**

**Information Note by Lynsey Bigger**

This paper provides a brief record of the August meeting of the Resources and Audit Sub-Committee

**Present:**

Professor Heal  
Mr Deryck Steer  
Dr Andy Brown  
Professor Pentreath  
Mr Keith Little  
Mrs Tracey Quince (minuting and agenda item 2)

**1. Matters Arising**

- 1.1 The Chairman welcomed everyone to the meeting.
- 1.2 The Chairman explained that the Group was a sub-group of the English Nature Audit Committee and was the Committee's think tank on audit and resource issues.

**2. Internal Audit and Risk**

- 2.1 Mrs Quince updated the meeting on audits undertaken so far and progress made on the Operational Plan for 2002/2003.
- 2.2 Mrs Quince reported that only 3 audits out of a planned 7 had been completed. Two by PKF and one by CCW.
- 2.3 Mrs Quince reported that the Business Planning and Budgetary Control audit undertaken by PKF had gone very well and a draft report had been received. A Data Information and Reporting Frameworks audit undertaken by PKF had experienced problems with a lack of specialist knowledge on the part of the audit team. This would be rectified shortly with the appointment of an IT auditor to complete the audit. An audit of Health and Safety by CCW had been completed successfully and a draft report received. Dates were yet to be agreed for the audits on Change Management, Lead Agency and Inter-agency groups and Advice on international, UK and European issues.

- 2.4 Mrs Quince reported to the Group that problems were still being experienced with PKF with the continued late submission of audit briefs and draft reports being issued many weeks after the audit had been completed. Mrs Quince reaffirmed to the Group the excellent service provided by the audit teams in SNH and CCW with constructive comments and examples of best practice.
- 2.5 Mr Steer informed the Group that PKF had appointed a new Contract Manager. He voiced some concern over the investment of time required to bring a new contract manager up to speed with the work of the organisation. Mr Steer congratulated Mrs Quince on the production of the audit procedures note which he thought was first class. He hoped this would resolve some of the problems.
- 2.6 Dr Brown confirmed that PKF were required to make improvements to the service they provide and that an extension to their contract for 12 months had been agreed. He reported that Caroline Wood was dealing with the matter and more information on the performance could be sought from her.
- 2.7 Mr Steer confirmed that JNCC would produce a half year table of PKF 'hits and misses' to their targets for the next Audit Committee meeting.
- 2.8 Mr Brown asked whether the more complicated audits could be completed by the country agencies. Mr Steer reported that these audits were too many days for CCW and SNH had completed an operational audit last year. Professor Pentreath asked whether it would be possible to use auditors from the NDPB's such as the Environment Agency.
- 2.9 Professor Heal asked Mr Steer to keep all options open and to review the situation as necessary.

#### ***Update on Risk Work***

- 2.10 Mr Little introduced the item and reported that a risk strategy paper had been produced together with a revised risk register. An update on this work would be presented to the Management Team in October. The Group was keen that risk management be embedded in the organisation as a way of working rather than an audit process.

#### ***Statement of Internal Control***

- 2.11 Mr Steer reported that the NAO Management letter had been received and that NAO had commented that the SIC for JNCC was too similar to the one produced by English Nature. It was agreed that JNCC would look again at the SIC, in light of the FMPR, and that an appropriate statement would be produced for the new organisation.
- 2.12 Mr Steer reported that comments from NAO had been received relating to stock control and work in progress. It was agreed that Mr Steer would discuss the matter with NAO and would action as appropriate.

### ***Aberdeen Office Update***

- 2.13 Mr Steer confirmed that following a risk management of the Aberdeen Officer and Office Manager and Financial Manager had been appointed and that the control of money was rested with staff in Aberdeen. Staff have received appropriate training and it was hoped this would eliminate risks in this area. Professor Heal asked Mr Steer to monitor whether the new arrangements were working effectively.
- 2.14 Mr Steer reported that a number of health & safety issues had been raised regarding the Brussels Office. David Morgan was to produce a list of action to bring the office up to Belgian or if necessary UK standards. An inspection would take place once a policy was in place.

## **3. JNCC Grant-in-Aid and Staffing**

### ***Quarterly Monitoring Report – first quarter***

- 3.1 Mr Steer introduced the item and explained the difficulties this year the over-allocation of £200K on the budget. He explained that all contingencies had been stripped out and that it would be difficult to deliver what everyone wanted within the budget. Further economics would need to be made to fund small increased requested at the first out-turn. Mr Steer confirmed that with the £200K over-allocation the salaries budget was carrying an over-allocation by £60K.
- 3.2 Mr Steer confirmed that JNCC were awaiting funding from DEFRA of £100K for the FMPR. He informed the Group that he hoped we would hear by the end of August as to whether our bid had been successful.
- 3.3 Mr Steer advised the Group that recent substantial payrises made by SNH and CCW had resulted in such a large over-allocation on our budget this year, although CCW had assisted with some extra funding. Dr Brown confirmed that English Nature would also provide some extra funding this year for the EN payrise to be settled in the Autumn. Mr Steer confirmed that an over-allocation on budget of £100K would be a more comfortable position to be in. A number of recent cost cutting measures were discussed.
- 3.4 Dr Brown congratulated Mr Steer on achieving a 21% spend at the end of the first quarter and noted that this was a good achievement on previous years. Professor Heal asked that the situation as regards funds be carefully observed and monitored.

## **4. FMPR Update**

### ***Issues of Concern***

- 4.1 An update on a recent FMPR Steering Group meeting was given by Mr Steer. Mr Steer informed the Group that the meeting had been very positive and that

we had been able to move forward on as number of fronts. Mr Steer particularly welcomed the paper by Martin Capstick of DEFRA.

- 4.2 Mr Steer reported that funding arrangement for the new organisation had been agreed with ring-fenced monies and a 3-year funding plan being acceptance to all Ministers. Mr Little confirmed that a number of positive moves forward had been made, although there were some frustrations over delays.
- 4.3 Mr Steer reported on a meeting that had taken place between Chairman, Mr Meacher and himself. The meeting had gone well with the Minister agreeing to clear as much red tape as possible with the FMPR process. Mr Meacher had asked for a progress report on FMPR in a month's time. Mr Meacher had agreed to meet with the new JNCC Chairman at six-monthly intervals.
- 4.4 Mr Little reported that a FMPR Workshop would take place on 15 August involving country agency resource directors. It was hoped this workshop would assist us in completing a governance.

## 5. **Any Other Business**

- 5.1 Professor Heal asked that a list of risk priorities be produced for the next 3-6 months. It was agreed that marine areas remain a high risk and that resources would continue to be moved into this area.
- 5.2 Professor Heal asked the Group to inform him of anything they would like him to do as temporary Chairman that he wasn't undertaking at present.